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INTRODUCTION

In implementation of the mandates received at the Second Conference of Ministers and Heads of Planning of Latin America and the Caribbean (Lima, November 1978), ILPES set about assessing the "Current state of planning" in the region as a priority matter. As agreed by the Ministers and Heads of Planning, the study in question constituted the main topic of the debates that took place during the Third Conference, held recently in Guatemala (November 1980).

In accordance with the foregoing, we now have pleasure in submitting the chapter on "Planning in the 1980s. A proposal for action". This chapter is basically an overall appraisal of the role of planning in the context of the major conceptual challenges arising from the current series of problems relating to Latin American development. As in the case of any exploratory and preliminary study, it places particular emphasis on delimitation of a conceptual framework permitting analysis and evaluation of the various forms of planning experience and practices existing in the region.

As a complement to the study conducted by ILPES, and with the support and participation of Governments, the present issue of the Bulletin includes the "Strategy for the Caribbean countries in the Third Development Decade". In this study a group of prominent experts and officials of various bodies identify the principal challenges existing in the subregion and formulate a series of views and specific recommendations concerning desirable goals and the most urgent action to be taken with a view to meeting the challenges in question. Owing to its great thematic precision and clear identification of action it is essential reading for all those concerned with the question of the economic and social development of the Caribbean countries.

The article by Mr. Silbourne A. Clarke, Director of the CEPAL Office for the Caribbean, is a valuable complement from the analytical and conceptual point of view. It gives a clear description of a number of characteristics of the socio-political sphere and of the external sector that limit Caribbean development potential.

The note prepared by Max B. Ifill accurately sums up a number of outstanding factors in the development of the Caribbean countries. Owing to its clarity it is an interesting summary that will be of great assistance in the preparation of future plans and programmes.

Complete integration of the topic of "Science and technology" into the planning process has yet to materialize and constitutes a challenge to policy-makers. In past years the project entitled "Caribbean technology policy studies", sponsored by the International Development Research Centre of Canada and carried out under the direction of Dr. Norman Girvan and the aegis of the Institute of Social and Economic Research, University of the West Indies, produced excellent results. With a view to pursuing that endeavour we are now publishing a further essay by Frank Long entitled "Planning for Indigenous Technological Development".

With the aim of clarifying a number of methodological concepts in the field of planning we are reproducing two interesting articles: the first is an assessment of two predominant trends, "Project Planning or Macro-planning", while the second develops a simple index for measuring the level

of implementation of development plans. We wish to take this opportunity to reiterate our interest in making the "Planning Bulletin" one of the principal forms of information machinery of the System of Co-ordination and Co-operation among Latin American and Caribbean Planning Bodies.

In that connexion, through periodic publication of the Bulletin we are aiming to promote the exchange of experience, plans, programmes and projects relating to planning, and in general, to disseminate studies produced by the planning bodies that are of interest for the System at the subregional level.

PLANNING IN THE 1980s: A PROPOSAL FOR ACTION

ILPES wishes to place before the governments, for consideration as discussion items, what it considers to be the main challenges and lines of action for planning in the 1980s. The three main elements around which the article is organized are the following:

(i) A forecast of the main problems to be tackled by our economies in the 1980s, identifying the objectives which must be set and the role to be played by planning in achieving them.

(ii) An appraisal of the progress made and the shortcomings and weaknesses of existing planning systems.

(iii) The proposal of lines of action on the basis of the above appraisal, which will enable planning bodies to increase their usefulness efficiency in tackling the problems and achieving the objectives referred to above.

In view of the level of aggregation of the study, all the lines of action may not necessarily be practicable in each of the countries of the region. Some of the recommendations apply more easily to subgroups of countries defined by the planning style they have adopted, the size of their public apparatus or other relevant variables. It is left to the discretion of the planners in each country to select those proposals which are of greatest interest to them, although not without previously discussing all the proposals considered worthy of consideration, modifying and enhancing them with alternative proposals. The immediate objective of ILPES is to encourage such a discussion in as fruitful a manner as possible. To use the ensuring results lies within the decision-making purview of governments.

A. PLANNING AND THE GREAT OBJECTIVES TO BE ACHIEVED IN THE 1980s

1. Economic and social development at the end of the 1970s: the regional picture

(a) There are three fields in which the region shows advances which may favourably be compared with those of other developed areas and which even go beyond the real expectations of planners in the late 1950s. These three fields are: (i) the growth of the product; (ii) the modernization of the production system; (iii) the growth of exports. The product quadruples between 1950 and 1975, and if the growth targets of the International Development Strategy for the 1970s are examined, it may be seen that as against a postulated compound annual growth of 6% the region as a whole achieved a rate of 7.2% during the first half of the decade, and that

despite the oil crisis the average for the period 1970-1978 was 5.8%.^{1/} Naturally, growth varied from country to country, but it is nevertheless true that most of them achieved relatively high rates.

These results in terms of the product were achieved by striking technical progress in some sectors and a rate of investment which on average exceeded the IDS target. Broadly speaking, the modernization affected many subsectors of manufacturing industry, and the structure of industrial supply itself was enhanced by new activities, increasing output by 60% in the period 1970-1978. In some countries significant technical progress was made in agriculture, accompanied in some cases by the inclusion of new productive areas and/or new crops. This meant that in comparison with other regions of the world Latin American recorded the highest growth rate in agricultural output (28%) in the period 1970-1978. In most of the countries, furthermore, striking progress was recorded in the provision of basic economic infrastructure services, such as transport and communications, and energy.

In addition, the growth of economic activity was made possible by the rise in exports. Until well on in the 1950s, in the region as a whole even moderate growth generally sufficed to generate a pressure on imports which could not be met because of the relative sluggishness of exports. This external bottleneck was made even more rigid by a narrow international finance market to which access was difficult.

Thereafter, there were a number of favourable developments, chief among which was the steady rise in the levels of economic activity of the central countries, which increased the demand for imports of raw materials and even for some branches of light industry. This growth of demand was accompanied by a relative opening up of the economies of the centre in comparison with what had prevailed until the 1950s. On the side of Latin American countries, all this was accompanied by effective export promotion policies. As a result, during that decade the countries of the region increased the value of their exports fourfold (in current prices) with an even more important rise in non-traditional exports. Although the growth rates are not the same for all countries, few of them failed to take advantage of this boom and, furthermore, all of them had easier access to external financing as a complement to their import capacity.

Of course, other important variables and events in the external sector of the region have been passed over, such as the trends in the terms of trade or the impact of the oil crisis and its repercussions. However, even if the analysis is broadened the conclusions as to the positive and very significant nature of the growth of exports and the relative improvement in the external sector's room for manoeuvre remains valid.

^{1/} Since this section summarizes a well-known picture, and in order not to go into unnecessary details, only some of the more significant variables will be mentioned, without presenting statistical evidence in all cases. The section is based on many CEPAL works such as, "Latin America on the threshold of the 1980s", E/CEPAL/G.1106, November 1979; Economic Survey of Latin America, 1978, E/CEPAL/G.1103, November 1979, and other studies in which a wealth of detail may be found to support the statements made here.

(b) In contrast with these three areas of progress in production and in the external sector, during the same period there was a lack of progress in other important areas, and even a loss of ground. The most important areas were: (i) the continued bad distribution of income and in general the limited social distribution of growth; (ii) the persistence of weaknesses in some links of the production process; (iii) the continuing and in some case increasing external vulnerability of the economy; (iv) the deterioration of the environment and the waste of natural resources; (v) shortcomings in the process of incorporating, adapting and managing science and technology; and (vi) imbalances in the spatial distribution of development.

(i) The problems of income distribution, the limited spread of the benefits of economic growth to the more deprived sectors of society and in general so-called social problems are unquestionably the most important of these areas. The real major objective of economic progress must be to provide the necessary means for achieving the elimination of poverty, the satisfaction of the basic needs of the population and, in general, social justice and the expression of the highest human values. However, economic progress in the region has not been accompanied by the corresponding results in the social sphere, and in some areas and cases there has even been a worsening of social problems.

As an illustration of the above, mention may be made of recent studies which have examined the trends in economic growth and the benefits accruing to the different social strata in six countries of the region, which account for roughly 70% of the population and gross domestic product of Latin America.^{2/}

For the countries concerned as a group, average income increased by 26.5% in the period 1960-1970. Of this increase, about 6% went to reducing the degree of poverty, in other words, to increasing the per capita income of the almost 40% of the population which was poorer in 1960 and remained poor in 1970. Two per cent of the rise in income went to reducing the extent of poverty, in other words, allowing the 10% of the population which ceased to be poor during the period to achieve an income equivalent to the poverty line; which means that 8% of the growth in income went to reducing the seriousness and extent of poverty.

In addition, 3% of the growth in income allowed those poor people who ceased to be poor during the period to raise their income levels above the poverty line. The remaining 89% of growth went to those who were not poor in 1960, with almost 60% of the benefits going to the richest 20%.

It is true that in absolute terms all groups benefited from economic growth, but it is likewise true that the spread of that growth in society was extremely limited: so much so that during the period the absolute number of people living in poverty did not change.

^{2/} See, in particular, Sergio Molina and Sebastián Piñera, "La pobreza crítica en América Latina. Situación, evolución y orientaciones de política", E/CEPAL/Proy.1/1, June 1979. While similar studies are not available for the 1970s, the partial information available does not suggest that there has been any substantial change in the situation.

In sum, the conclusion may be drawn that economic growth is a necessary condition but by no means a sufficient one for overcoming poverty. Similar situations and declines may be found in the fields of health, nutrition, education, housing and so forth. This exists side by side with an impressive rise in the absolute volume of public expenditure devoted to these areas, which calls into question the effectiveness of those programmes.

(ii) Returning to the field of production, economic success measured in terms of the growth rate cannot hide the fact that this progress is still well below what is potentially achievable. This is particularly visible in a number of sectors, varying from country to country. Thus, for example, there are still areas with very low productivity in the agricultural sector, as a result of the combined effect of technological backwardness, unsuitable conditions of land tenure, difficulty of access to current inputs and capital, difficulties in marketing and, broadly speaking, a relative lack of links with the modern sectors of the economy, all which is sometimes aggravated by distortions caused by government policies designed to promote industrialization. In the industrial sector there are branches where narrow markets and technological backwardness lead to competitive weakness, which means that profitability depends on monopolistic positions and high tariff protection. At the other extreme, there are cases where the sudden drop in the level of protection has brought changes in relative prices, markets and other variables, harming the development of major industrial sectors. Perhaps the most important symptom of the shortcomings which remain in the production system as a whole, however, is its inability to employ adequately the labour force in the region. Thus, at the end of the 1970s the underutilization of this factor of production was estimated at about 30%. Beyond the social implications of this state of affairs, and together with a varying degree of misuse of other productive resources, there can be no doubt that such levels of unemployment are a sign of serious weaknesses in our economic organization.

(iii) Another source of concern is the vulnerability of the production process to external variables. There is no doubt that the abovementioned diversification of exports has reduced the external vulnerability of the economies of the region. It may also be argued that inasmuch as they cause a net rise in the level of activity the processes of opening up the economies to the exterior are beneficial. It should be added, however, that in some cases the features and pace of this process have led to lower demand for some branches of domestic production, which means that consequently the proportion of domestic consumption and output depending on external markets is greater.

Despite the foregoing, there are grounds for hoping that total output will gain through greater efficiency under the stimulus of external openness. What is stressed here is that the variability in the level of activity increases as a result of greater openness, even if the product follows a rising trend: this is one of the reasons for speaking of greater vulnerability of the production process to external variables.

Again, there has been a considerable change in both the amount and the origin of external financing. Mention was made earlier of the ease with which abundant financial resources, unthinkable a few years ago, have flowed to the region, helping to solve balance-of-payments problems in the short term but generating an enormous external debt of roughly 150 billion dollars in 1979. Of course indebtedness is not bad in itself, but an economy whose functioning calls for habitual increases in net indebtedness without any correlative increase in production capacity and exports to ensure opportune future repayment of the debt is unviable in the long run.

Even without any growth in the net amount of the debt, their position as debtors makes the countries more vulnerable to factors shaping their economic policy actions and, in-so-far as they involve a large proportion of their product and payments capacity, this vulnerability increases. In some countries of the region the levels of indebtedness are such that they imply high vulnerability in this sense in the medium term.

It should be added that at present most of the resources come from private sources, while public sources, preponderant until the middle of the past decade, have now been relegated to the background.

Although moderated by the diversification of exports, the higher degree of external openness and the high level of indebtedness have led to a more vulnerable economic structure for the region, for the foregoing reasons. It may also be said that all these new situations are set in a context marked by the growing instability of world prices, the fluid transmission to the countries of the region of the inflationary pressures and recessive trends in the centres, the heightening of protectionist policies in the developed countries and the weakening of integration processed within the region. These elements, combined with the above mentioned vulnerability of the production structure, means that the growth process is unstable and very vulnerable to adverse effects from changes in the international situation.

(iv) Finally, there are three other areas of problems which have been discussed in detail in chapters IV and VI of this document, as well as in other documents also being submitted to the Third Conference of Ministers and Heads of Planning. These areas are the environment and natural resources, science and technology, and regional development. The experience of recent decades in the exploitation of natural resources has not shown any significant improvement with respect to the practices prevailing in the region since it first was incorporated in the world market. Almost always the view has prevailed that a particular forest, water course or mine is above all an input for a specific (public or private) project, and if the micro-economic profitability of its use is justified there is usually no machinery for including in the decision-making process any considerations of a broader economic, social and ecological nature or having a longer time horizon than the life of the project.

The result has been an irrational use of resources from the standpoint of economic development as a whole, the premature and unjustified depletion of some resources and a high level of ecological destruction in large areas of the region. The vastness of the region's resources helped to hide the seriousness of the problem for a long time, but there have now been so many proven examples of major, irreversible damage that this topic must be included among those which deserve the attention of development analysts and planners in the region.

Similarly, the process of incorporating technology in recent decades has basically repeated behaviour patterns based on microeconomic considerations. The technological boom since the Second World War has led not only to greater possibilities of exploiting factors of production in general --and thus of growth--but also a multiplication of cases in which project-level decisions do not coincide with the interests of society as a whole. This is particularly true in the case of countries which receive technology created in countries with very different economic, social and environmental conditions.

Finally, with regard to the spatial distribution of economic activity within countries, the imbalances have recently been accentuated. Not only has the relative backwardness of the less favoured regions of each country persisted but the process of spontaneous and rapid urbanization has increased the seriousness and the magnitude of the problems affecting the relatively more dynamic areas. The metropolitan areas and industrial growth zones of most of the countries have revealed in recent decades the appearance of serious problems of pollution, lack of basic services, diseconomies of scale, declining safety, piling up of makeshift shanty towns and greater social problems. In this connexion, the widespread attempts at regional and urban planning in the region have proved insufficient.

2. Development in the 1980s: framework and prospects

The starting point for examining the tasks of development for the 1980s is qualitatively different from the position at the end of the Second World War. The problem now is not one of mobilizing relatively undynamic, monoproduktive economies, in which such important variables as exports or agricultural output show a strong resistance to development. We now have more diversified production structures, entrepreneurial experience, better skilled labour, experience in managing economic policy in more complex economies and other variables which place us on a better footing for tackling the challenges of development. However, the magnitude of the new challenge, which consists in stepping up the growth rate and correcting its features so that the benefits spread more widely throughout society--remains enormous, particularly because of the external conditions in which it will foreseeable be set.

(a) First, as we have already pointed out, favourable international trade and finance conditions boosted the growth of economic activity and the external purchasing power of the region in the last decade. By contrast, in the 1980s an unfavourable change of trend is looming. The central economies do not seem to be able to find an easy way of recovering their dynamism, and this difficulty is connected with the fact that for the first time in their experience they are in a situation of "stagflation", preventing them from using the stimulation policies successfully employed in the past. On the contrary, the central economies appear to be heading for a long period of "stop-go", with corresponding ups and downs in inflationary trends and their recessionary counterparts, without ever fully attaining the high growth of demand accompanied by price stability characteristic of them in the past.

All this will lead to uncertainty in the levels of demand for our exports and may transmit inflationary pressures through imports, which will compound the pressures inherent in the region. Furthermore, if, as appears likely, the trend towards higher real prices for petroleum and petroleum products continues, increasingly strong pressures on the trade balances of most of our countries must be expected. In the face of this persistent trend, the solution of compensatory indebtedness will be unsatisfactory, as its rationale means that it can only be used to counter temporary balance-of-payments unbalances. In the latter half of the 1970s, the consequences of this process have become visible, as the region's debt has steadily risen to over US\$ 150 billion, so that the need to cover trade deficits is compounded by the need to pay interest on the accumulated debt.

The problem of the higher price of petroleum and petroleum products may also indirectly affect the balance of payments of the countries of the region. This was already the case in the second half of the decade, as a result of the pressure created by the higher prices on the central countries' balance of payments, which strengthened the trend towards the introduction of barriers of different kinds against the region's exports.

It might be expected that the higher oil prices, by transferring purchasing power from the central countries to the oil-exporting countries, would lead to a growth of our region's exports to those countries. However, recent experience has shown that the major channel for this increase liquidity is private international banking, and therefore our access to that purchasing power took the form not of additional exports but of short- and medium-term indebtedness at market interest rates. Major changes in the demand for the region's exports by the oil-exporting countries outside the region are not foreseen for the 1980s.

Finally, it should be added that in broad international political terms there are no solid grounds for believing that in the 1980s there will be any improvement in the present picture of recurrent crisis and ensuing uncertainty. It may be that the various and sometimes changing power blocks acting in the international scenario may continue their confrontations, and that the greatest success achievable in the 1980s will lie in limiting and containing those confrontations rather than in completely removing them. If that is the case, disruptions of trade may arise, which, although transitory, will further increase uncertainty. In these circumstances, it is difficult to forecast a substantial increase in long-term financial flows, whether private or public.

All this may be summed up as suggesting that the autonomous trends of the world economy are heading towards greater uncertainty and vulnerability of our growth processes with regard to external sector variables.

(b) With regard to foreseeable trends within our societies in the 1980s, the most important of these is the worsening of social tension. The gap between the aspirations of vast sectors of the population and the satisfaction the system gives them will tend to increase for a number of reasons. As far as aspirations are concerned, these have increased at a rate which it is difficult to moderate, and the direct, immediate observation of the fact that other sectors have achieved such striking, ostentatious levels of consumption absorbing most of the benefits of growth, will spur the growth of the poorer sectors' expectations. Furthermore, as a trend the growth of domestic supply of goods and services will not be high enough to meet these rising expectations. Although this trend may be countered by planning and social policies, there is in any event the danger of this gap worsening for both these reasons.

If this is the case, the growing social tensions, linked with more clearly political factors, will disrupt the search for stable, efficient and just political institutions by the countries of the region. The effects of these economic and social problems are of the utmost importance in that they directly affect the political and institutional structure of the countries, on which ground alone they deserve the priority attention which ILPES attaches to them.

3. The major objectives to be achieved in the 1980s

The evaluation of the present situation and of the prospects for the forthcoming decade constitutes the basis for determining the concrete objectives to be achieved in the region. In this section we shall present a set of seven objectives which are interrelated in a number of ways. The first two--growth of output and equitable distribution--directly serve the final goals of development; the others are, strictly speaking, intermediate objectives since they are justified as factors which condition or contribute to the achievement of the former, while being important enough to deserve to be included in the list along with them.

As mentioned above, the list is based on the analysis in points 1 and 2 of this section, and therefore should apply to the region as a whole; needless to say, major variations may be justified for individual countries. The components are:

1. Maintenance of a high growth rate of the product;
2. Fair distribution of income and dissemination of the benefits of growth throughout society;
3. Reduction of the level of unemployment in its various forms;
4. Reduction of the effects of the external vulnerability of the economy, while maintaining and increasing active forms of insertion in the world economy;
5. Conservation of the environment and rational use of natural resources;
6. Introduction of efficient processes of incorporating, adapting and creating science and technology;
7. Spatial spread of growth and solution of the major urban problems.

As may be seen (and as is inevitable) this list of objectives corresponds to the list of problems detected in point 1 (b), and is therefore self-explanatory. However, it is worth presenting some further considerations on these major objectives and their interrelations.

(a) The achievement of a high and steady growth rate is an essential condition for generating the goods and services needed to raise the standard of living of the population as a whole. To seek to raise that rate, while securing an equitable distribution of the benefits of growth, and to eliminate the obstacles to the process in the long term, at the same time as paying heed to changing external circumstances and the domestic changes generated by the process, are in brief the essence of the tasks of development planning.

At first sight, long-term growth depends on the quantity and quality of resources--natural, human and capital resources--which a country possesses and can mobilize, as well as on the productivity with which it uses them.

(i) To achieve high growth rates, high capital formation is essential, and according to foreseeable trends direct foreign investment will only contribute marginally to this. The financing of the bulk of investment will therefore be left to national saving, since to make use of external

indebtedness for this purpose will introduce the risks and difficulties referred to earlier.

Again, to raise the rate of domestic saving so that it is compatible with the satisfaction of the basic needs of the entire population basically implies an enormous effort by the most favoured strata. To this end, it will be desirable to make use of tried and tested financial and tax incentives but the results will be limited if the development style continues to cherish consumerism as one of its fundamental values. This is confirmed by experience within the region and, from another angle, substantiated by successful cases of high rates of capital formation in other countries and regions where the success stemmed from social attitudes of self-restraint in consumption by the higher income strata. In other words, social discipline in production must be accompanied by social discipline in consumption and the responsibility for the latter is proportional to the capacity to spend of every individual or sector in society. In addition, this is directly related to the concept of distributive justice, which refers not only to the enjoyment of benefits but also to the proper distribution of the efforts and sacrifices required by growth.

(ii) With regard to the role of natural resources in growth, it should be recalled that the use of new natural resources which appreciably stimulated growth and development represented a landmark in the economic history of the countries of the region, inasmuch as they were not neutralized or their results were confined to small groups. Broadening of the natural resource space, making use of the region's wealth of resources, must be one of the great objectives of the planning effort from the standpoint both of knowledge about those resources and of alternative uses and programmes and projects for achieving them. This is usually an area with a long time horizon and uncertain results, which apparently diverts resources from more immediately productive uses. Sometimes the institutions responsible for these activities are neglected because of insufficient awareness of the importance of their functions, or exaggerated emphasis on short-term priorities. Global, sectoral and most particularly regional planning processes here serve to strengthen the positive trends which have already become visible in some countries of the region, or to promote them when this has not yet occurred. Naturally, these tasks must be kept in line with the objective of environmental conservation.

(iii) The arguments for the field of human resources is similar; here furthermore, academic, government and/or even private sector arguments have been brought to bear to stress their importance in growth and development.

Despite the striking successes achieved, primarily in the 1960s, as shown by enrolment trends in secondary and university education, serious problems remain in the coverage of primary education, school drop-outs and the quality of the education received. At the same time, there is a lack of fit in the use of those resources, which means that they are employed in jobs for which they were not trained and which in general require less specialization and training time. This points up the need to remodel the training systems and correct these shortcomings. Planning is a suitable instrument for setting forth in long-term plans and development strategies basic guidelines which may serve as a benchmark for these goals covering higher and secondary formal education and specialized training.

Finally, while on the topic of improving the efficiency of the training of human resources as a growth factor, mention must be made of unemployment, whether open or disguised, the importance of which we sought to stress by

including its reduction as an objective in an earlier paragraph. The estimated labour force in the region will increase from 170 million in 1975 to 345 million at the end of the century, while existing underemployment affects nearly 30% of the labour force.^{3/} These are the basic parameters of the problems and indicate its vast scale. Some studies of the region show that if the forms of the present style of development are maintained unchanged, the growth rate necessary to maintain unemployment at its present level would have to be well above the growth rate achieved in most countries of the region in recent decades, which were the highest in their history.^{4/} The objective of broadening the production base is therefore the most important factor for absorbing unemployed or underemployed labour and thus reducing the poverty and lack of satisfaction of the basic needs of this group of the population.^{5/}

Open unemployment and especially unproductive employment have a negative effect on a country's development potential and are one of the forms of wastage of resources most widely found in Latin America, comparable to the natural resources which are kept idle, if not even worse. The existence of large-scale redundant labour is a problem whose solution cannot be deferred. The challenges for planning in this area include the co-ordination of policies and the adoption of measures in various fields such as investment policies, specific employment promotion policies, and policies to improve labour markets, measures to provide technical and financial assistance to medium and small enterprises; technology policies, in connexion with the introduction of suitable technology and of foreign technology as well as the adaptation of technology and local innovation; regional development policies; policies for the training of technical cadres; and so forth.

(iv) Efforts to increase the quantity and improve the quality and use of physical and human resources in the region are necessary but not sufficient conditions for ensuring that the operation and expansion of the economic system produces a more dynamic and fairer process. To that end, it is also necessary to transform the structures which hamper the growth process and/or worsen the conditions of inequality. By way of example, and without dwelling on much-discussed issues, mention may be made of the fact that it will be necessary to bring about structural change in such sectors of the economy as agriculture which hinder technological progress, higher productivity and the efficient use of resources, and which tend to increase income concentration and inequality of opportunity. Industry will also have to underpin the creation of an indigenous technological base suited to national resource endowment. Finally, the narrowness of most domestic markets and the scale of the resources needed to encourage the development of some production sectors--as in the case of many capital goods--mean that it is desirable for the process to take place in a regional or subregional setting.

^{3/} In this connexion see Enrique V. Iglesias, Latin America on the Threshold of the 1980s, in CEPAL Review, December 1979, pp. 7 to 43.

^{4/} Enrique V. Iglesias, op. cit.

^{5/} All studies on poverty agree that the great majority of the population who cannot satisfy their essential needs fall in the category of the unemployed and, basically, the underemployed. Consequently, the objective of increasing productive jobs coincides with that of satisfying basic needs.

This highlights the need to revive certain processes such as land reform and integral rural development, regional economic integration and programmes such as those giving financial and technical support to small- and medium-sized industry which for one reason or another lost momentum during the 1970s.

(b) Despite the many cross-references to other objectives, the above set of considerations was directed towards the objective of economic growth. As stated earlier, the fair distribution of income and the greater dissemination throughout society of the benefits of development are, along with economic growth, the two top-priority objectives. Some remarks are therefore called for on this objective of distribution.

The social dissemination of growth involves firstly the implementation of development models which allow all sectors of society to participate, without marginalizing the groups and regions which from the outset have been in a relatively handicapped position, as has been the frustrating experience in many cases. Second, concrete social programmes must be implemented to satisfy the essential needs of groups which are unable to do so at present. Third, there must also be employment policies which are consistent both with the distribution objectives and with the growth model applied.

The efforts made by planning processes to include in development plans the targets and policies of the so-called social sectors, such as health, education and housing and depressed areas, or areas with special economic growth problems, are well-known.

More recently, the possibility has been suggested of including in planning processes the set of goals and problems derived from the basic needs approach. However, it is felt that while what has been achieved in these fields is important and the efforts should continue, a qualitative change of approach is needed in order to achieve the desired dissemination. Growth and distribution should have equal importance as policy objectives and in planning practice.

It is well known that the allocation of resources between (present) consumption and investment (future consumption) is not independent of income distribution. It is usually argued that in a mixed economy a progressive redistribution of income, by benefiting sectors whose low level of consumption causes them to devote most of their income to consumption, may mean a drop in total saving because the sectors losing income have a higher rate of saving than the national average. This reasoning, at its most simple, provides the basis for the usual argument about the trade-off between redistribution and growth.

Naturally, other elements should in fact be taken into account. First, it must be established that it is the saving capacity of the higher strata that is affected, a capacity not always fully realized prior to redistribution. It may be pointed out, for example, that progressive redistribution, by stimulating the market for consumer goods, thereby encourages investment and consequently the propensity to invest may increase, causing total investment to rise. Of course, however, this will not be the case if large-scale redistribution takes place in an atmosphere which discourages private activity.

At the same time, there may be real cases in which regressive redistribution has not caused investment to rise, as might be expected from the initial, simplistic analysis, but has merely served to increase the consumption of the top income sectors and even to lower the level of private investment.

In addition, other possibilities arise if the role of the State as an investor is taken into account, particularly in styles 2 and 3. In such cases, different fiscal policy measures, both on the income and on the expenditure side, may make it possible to achieve progressive redistribution which is compatible with a constant and even a higher rate of investment. It should also be pointed out that the investment effects will vary according to the distribution policy or instrument used. Well-known examples are the case of taxes on luxury consumption (by type of product or by level) in contrast with taxes on the profits of firms.

It should be pointed out that in the region the choice between redistribution and growth has generally been couched in the more simple and (simplistic) terms mentioned above. The result has been a pendulum swing between large-scale redistribution policies which affected capital formation more because of the form chosen than by any necessary antithesis of the concepts, and investment promotion policies based on regressive redistribution, which by limiting markets inhibited the use of the potential rise in the saving capacity of the higher income groups. In other words, the issue is usually analysed in extreme terms, and the policies designed in consequence.

In fact, what is required is a constant effort by the planning process and its machinery to ensure that redistribution and social dissemination are criteria which are taken into account in all stages and particularly in the evaluation of short-term economic and social policy decisions, as well as direct measures to improve the social conditions of the population. It must be recognized that the belief still exists that a rapid growth rate will inevitably lead to the social improvement of the vast deprived strata of the population, by a kind of trickle-down effect, although this has been refuted, even for long periods, in the empirical studies mentioned earlier.

The primordial concern for social dissemination stressed here means that in order to be fully effective it must be accompanied by a systematic effort to research the real situation in each country as regards existing distribution, its dynamics, the possibilities of solving the problems, their effects on growth, as well as the methodologies for estimating the impact of policies on them and the necessary corrections when appropriate. Account must also be taken of the contradiction which exists in some countries between policies specifically designed to promote the situation of some social sectors and regions, and the adverse effect on those same sectors or regions of some of the global policies designed to preserve macroeconomic equilibria, with a net negative result on the groups which it is sought directly to benefit.

4. The possible role of planning in achieving development objectives

It is a universally accepted fact that the efficient functioning of the modern economy calls for some degree of government intervention, and that this is true throughout the range of possible national development projects. Even in cases where the market plays a decisive role in allocation and distribution, there are reasons which justify major economic policy action on the part of the State. The complexity of State action means that government policies must be planned, in other words, must recognize as their framework a set of operations consisting of analysis, forecasting trends, considering alternative courses of action, pre-evaluation of possible results, ensuring the compatibility of their various components, and follow-up of implementation.

Starting from this common ground, the acceptable depth, scope and other features of desirable government action varies in direct relation to the differences in national development projects. Likewise, the needs, forms and attributes of planning are interpreted in a differing manner, to the point that various planning styles may be detected, as was done in earlier chapters.

(a) We shall begin by considering planning in style 1, and so on through the following styles, i.e., in growing order of complexity. Thus, for example, the reasons for planning in style 2 in general will be the same as in style 1 plus further specific reasons, while the basis for planning in style 3 will be the same as in styles 1 and 2, together with some additional reasons, and so forth.

(b) As we have said, planning style 1 corresponds to "free market" national development projects,^{6/} with a subsidiary social policy and broad openness to the exterior. In such circumstances, the general principle governing resource allocation is the free play of markets. However, at a subsidiary level, government economic policy is necessary when the imperfection of some markets, the presence of externalities, indivisibles and other similar circumstances lead to divergences between social prices or opportunity costs and market prices. In exceptional cases this action may lead to the complete replacement of private producers in a given market.^{7/}

It should be added that while free markets may relatively easily fulfill their role in the allocation of resources for current activities (although subject to the above-mentioned limitations), their action is more difficult and more imperfect in the case of transactions and decisions with a longer time horizon, which is the case of many infrastructure investments with long lead times and above all long periods for the recovery of capital. This means that it is inadvisable for the operation of the market alone to determine the proportions of income to be allocated respectively to consumption and investment, and thus have a dominant influence on the growth rate of the economy. Furthermore, in this case of intertemporal decisions on consumption and investment, it may be that society as a whole has a different

^{6/} Definitions of national development projects and planning styles may be found in Chapter I, and in greater detail in the Annex to that Chapter.

^{7/} Frequent examples of such cases are port construction and administration, and postal and telegraphic services.

preference, as expressed through its political and institutional channels, from what would result from individual decisions. For example, society may wish for a different growth rate than would be determined by its individuals acting atomistically in the capital market. This is precisely the case in virtually all the countries of the region, where it has been the government's objective to achieve higher growth than spontaneously results from individual decisions on capital formation.

Finally, the operation of the markets linked with the external sector, and particularly the exchange market, does not suffice to protect the economic system from sharp changes which may occur in the price and volume of international flows of goods and capital. This, it may be said in passing, is also true in the developed countries, where economic policy intervenes in those markets, in a subsidiary or complementary manner, to reduce the vulnerability of domestic activities.

Most of the objectives described in 3 (a) are such that to achieve them calls for conditions which are not entirely guaranteed by the free play of markets. The reasons mentioned here for planned State intervention (valid even for planning style 1 and its development projects) affect the growth rate and external vulnerability, as was seen in the two previous paragraphs, as well as the protection of the environment and the use of natural resources (for example, by externalities), and finally, regional equilibrium, and suboptimize the process of incorporation of science and technology.

Furthermore, while it is also inherent in this style to allow the bulk of income redistribution to be left to the market--primarily through the rise in employment which stems from growth--the need cannot be overlooked of subsidiary action in extreme cases and selected areas. Thus, for example, in style 1 special attention may be paid to the provision of basic health and education services for the poorest strata. Social programmes may even include the housing sector, again for the neediest sectors. It should be noted that where this is most viable use will be made of methods which are compatible with the overall idea that resources should be allocated through the market. Thus, for example, in the case of housing preference will be given to granting a subsidy to beneficiaries so that they may use it for housing offered by the private market, rather than to establishing public housing construction programmes for direct distribution to beneficiaries.

Thus, planning has a broad field of work in the style, without prejudice to the fact that in order to be faithful to the chosen development project it must consider State economic action in a restricted, subsidiary light in comparison with the market.

(c) The remarks in the preceding paragraph remain true in style 2, and are strengthened by the fact that in the corresponding development project the State must undertake a significant proportion of productive investment, the management of some resources of strategic importance, and other tasks of an economic and social nature.^{8/}

Whether in the form of projects or programmes or, a fortiori, in a "comprehensive" form of intervention, State action must be based on a systematic planning effort. In order, to constitute a real form of planning,

^{8/} See Chapter I, Annex, Section 1.

action through projects and programmes must be clearly inserted in a development strategy. This is the central task of planning in this style. The planning system must design, implement and evaluate annual sectoral projects and programmes in such a way that they are integrated in and coherent with a medium-term global plan. To achieve this objective, it appears essential to consider the list of proposals made in the following section under the title of "public sector planning".

(d) In the case of planning style 3, the existence of a national project with a more comprehensive target picture and the search for some structural changes mean that State action must be even more profound and complex than in earlier styles. Furthermore, this style aims at ensuring that improvements in income distribution and the social distribution of the benefits of growth should not be achieved by a trickle-down effect of economic growth but rather should be generated and initiated by specific policy actions. In this style, more than in the previous two, it is necessary to synchronize and harmonize a vast range of public policies which are being implemented in a context of social and economic change marked by some degree of uncertainty as to the effect of those policies on the overall structure. This uncertainty at the national level is compounded by uncertainties stemming from the rest of the world, particularly those connected with a possible change of attitude towards the country on the part of the various non-national actors.

The higher level of State intervention, and the larger number of policies to be synchronized and harmonized in the style, places heavier demands on the planning machinery. Consequently, the lines of action proposed in the following section, which are common to all planning style, are even more necessary and pressing in this style. Each of these tasks must be tackled more profoundly and cover a broader range of situations. It is also in this style that it becomes most necessary to co-ordinate or rather integrate the objectives of long-term change with the short-term policies of stabilization or adjustment. Short-term planning should tend to adjust the disequilibria inherent in a changing structure, but it should do so from the standpoint of the strategic changes sought by the long-term plan.

Besides a more pressing and profound commitment to the tasks common to all planning machinery, in this particular case it is necessary to satisfy two basic requirements for the process of change to be realized. The first is that the target picture should make it possible clearly to define a normative mould and an action strategy which will provide the basis for beginning a coherent planning process. Secondly, the action strategy should be flexible or adaptable.

Another fundamental requirement for effectively implementing the strategy is that the broadest sectors of the national community must be mobilized and committed to the process of change, and international solidarity and support must be found. This requirement, from the standpoint of planning, refers to the necessity for social forces to participate actively in the determination of objectives, choice of instruments and implementation of the national development plan.

(e) Finally, planning and particularly centralized planning, is inseparable from style 4. The role of planning is irreplaceable, and it is therefore unnecessary to go into the arguments proving its crucial nature.

(f) When examining the contribution of planning to development, it is not enough to show that it is of great importance in all the styles and formal projects of development. Some remarks are called for on the modus operandi

of planning. First, it should be pointed out that it is recognized in the countries of the region that planning as an activity should not concentrate on the preparation of a blueprint by the central planning body. Planning activities should be carried out by a system which, taking account of the varying institutional arrangements, is made up of sectoral and regional bodies, reaches all important areas of the public apparatus and in particular its decision-making bodies, and perhaps is organically related to the private sector. The product of such a system will not be a blueprint (or rather a complex set of long- and medium-term global, sectoral and regional plans). The planning system will fulfill its role if it contributes to the adoption of valid objectives and effective policy measures for the chosen development strategy, and its action will be expressed in some cases in the drafting of documents, sometimes in the publication of plans, or else in participation in decision-making, all of which are vehicles for, and not the final object of, its activity.

Furthermore, the articulation of the short-term with the medium- and long-term and with the development strategy has always been a problem. Annual operational plans, where they exist, have represented serious methodological efforts to link short-term decisions, subject to immediate pressures, and the medium- and long-term guidelines of a plan. The failures observed in the implementation of plans are due more to the impossibility of achieving such links than to the design of the plan. Short-term emergencies may be the result of external factors which undermine the construct of compatibilities, complementarities and co-ordination expressed qualitatively and quantitatively by the plan. Possible faults in the design of the plan, or in some of its major targets. The aim here is not to give an exhaustive account of all the possibilities which may disrupt the coherence of medium- and long-term planning with short-term policy. All of this is well-known. What we wish to stress is that in so far as these processes are set within patterns of structural change while attempting to follow simultaneously objectives which in many cases are considered contradictory, the possibilities of disruption are far greater and become qualitatively more difficult.

In order to begin solving these problems, planning processes must act on two fronts. On the one hand, they must step up research efforts in order to achieve better methods and procedures for the required link up. Second, they must be actively present in the short-term decision centres. This presence is found in many countries of the region, but it is rare that at the short-term discussion table sufficient account is taken of medium- and long-term problems to defend the essential purposes of the development strategy. Very often the planning bodies, in their short-term operations, act as yet another technical service of the government system, rather than bringing to bear in the decision considerations relating to the long-term development process. In this sense, the planning processes should try to broaden the political space they occupy in the public sphere in order to be able to operate along these lines in the sphere of short-term policy decisions.

Furthermore, the articulation of the medium- and long-term with short-term decisions is not purely a technical or administrative matter. It has another facet which is particularly important, namely, the will of the political system to defend its strategic commitments in the face of short-term emergencies. Without a firm and unvarying will, visible in the management of the short-term, it will be difficult to achieve the necessary articulation, particularly under the conditions of uncertainty depicted above.

B. PROGRESS IN PLANNING IN THE REGION, REMAINING SHORTCOMINGS AND NEW PROBLEMS

1. Contribution of planning to development

Planning has effectively existed in the region for a little over two decades and has already demonstrated its usefulness in major ways, although very often it tends to be judged from the narrow viewpoint of the fulfilment of planned targets. GDP values, for example, in a specific country and period, result from the combination of policy measures which are not always consistent with the plans and from external events, so that it is difficult to reach a valid judgement about the soundness of plans merely by comparing targets with results.

In fact, if the growth rates achieved in the last 20 years are compared with historical rates, great progress may be noted, which may in part be attributed to the adoption of strategies and measures put forward in the plans. For example, planning bodies promoted a large number of major projects, which they justified, assessed in technical and economic terms, and whose financing they promoted, both in the sphere of infrastructure and in directly productive sectors.

Planning has shown its value in a number of other fields. First, it has made possible a richer and deeper interpretation of the development problems of the countries, by weighing up the various limiting factors, setting aside certain superficial symptoms of underdevelopment to go deeper into structural and substantive matters, and thereby providing a more solid and coherent basis for the design of economic and social policies. Secondly, the setting up of planning machinery and its first activities in formulating diagnoses and plans generated in almost all the countries a demand for statistical information which did not previously exist, thereby stimulating the improvement of national statistical system from the standpoint both of the exactness and timeliness of data and of their coverage. At the same time, it was mainly through the backing of planning systems that of a whole range of new topics and forms of analysis were introduced into public, political and administrative spheres, which called for higher technical levels and made it possible to treat systematically and more comprehensively a series of problems which previously had been viewed more superficially.

It may also be pointed out that planning has been one of the most effective factors for bringing an increasingly complete and interdisciplinary conception of development to the fore at political, executive and technical levels.

2. Some problems detected in planning activities

The fact the successes of planning in the region must be recognized should not disguise the fact that there are also major obstacles and gaps in current planning operations, whether in the functioning of planning bodies, in their links with other public bodies, or in general in the formulation and implementation of plans. The varied experience of ILPES and the research carried out in the preparation of this document suggests that these problems should be grouped in two categories.

(i) General problems, which have been found in many cases for a number of years but which still persist for reasons which cannot always be attributed to the planning bodies, and (ii) a lack of effective treatment of relatively new topics which must be tackled without delay.

(a) The planning bodies of the region have great difficulties in maintaining sufficient stable human resources. In many cases the young professionals who join them have a general training either in economics or in other social sciences, but lack detailed knowledge of the design and use of planning methods, which they acquire on the job, sometimes combined with formal training in ad hoc courses. However, often the institutional efforts aimed at comprehensive training are in vain because of high turnover of staff, for various reasons, which constantly erodes the human capital of the planning body.

(b) Whatever the planning style selected, the planning bodies still run up against major gaps in statistical information which hinder a complete, timely view of the performance of the main economic and social variables. This is the case of data on the destination of investment, employment levels, remuneration, marketing forms and margins, income distribution and financial flows among sectors. These shortcomings not only hinder the preparation of plans but also create difficulties for follow-up activities, and therefore may make it impossible opportunitely to appraise and correct the strategies and measures adopted, thus compromising the efficiency of planning efforts,

(c) With regard to plan formulation, a problem clearly visible in various cases in styles 2 and 3 is that there is not an adequate link between economic objectives and social objectives. Frequently social objectives are defined relatively independently, without considering the impact of social programmes of such important economic variables as the rate of investment, costs in the production sectors and, in the end, the growth rate of the product.

Examples may also be found of social objectives which are not sufficiently defined from the operational standpoint, which makes it difficult to design programmes and, in practice, does not ensure an efficient use of resources nor adequate financing for the programmes.

(d) Similarly, there is frequently insufficient articulation between regional development planning efforts and national plans and policies. The tasks in question are undertaken in parallel, sometimes within the same body. The fact that the regional plans are usually published separately from the national plans, sometimes a long time apart although they cover the same period, is a consequence and a speaking sign of this lack of integration.

(e) One of the most serious problems of planning in Latin America is the lack of follow-through. A typical "planning cycle" usually begins with the installation of a new government. The planning bodies then enter a stage of feverish activity which culminate in the preparation and presentation of a medium-term plan, sometimes accompanied by operational plans for the first year, sectoral plans or regional plans. With the presentation of the plan, public interest in planning tends to decrease. The tasks of implementation, follow-up and evaluation of the plan are undertaken at a slower rate, while the adoption of policy measures rapidly diverges, both in content and in the form of decisions from the objectives and strategies of the plan. It may happen that after a year or two the plan is to all practical purposes virtually forgotten, and the planning bodies choose to

devote their efforts to basic research, reexamine their diagnoses or prepare specific programmes, sometimes accompanied by a routine compilation of data on the evolution of economic variables, which cannot really be considered the result of the plan.

The cycle ends, and starts again, when a new government takes power, which usually implies a desire to discard previous plans and programmes and prepare a new plan. It is interesting to note that in some cases this has happened even when the new government belongs to the same political party as its predecessor.

This lack of follow-through and continuity saps the morale of the planning body and public confidence in the usefulness of their efforts.

(f) This problem of the lack of follow-through is closely linked with another problem of a more general nature which affects the operationality of plans. In practice, there is often a gap between planners and the other government authorities, particularly the operational bodies and decision-making bodies. The plans are based on the political will of the highest authorities, but they usually end up as the expression of will and the technical work of a sector that is cut off from the rest of the government system. Since the sector other than the planning body play a marginal role in the preparation of the plans, it is not surprising that the latter hardly meet with or express a general consensus of the public administration.

This in turn tends to mean that plan objectives and forecasts may be set aside by the importance attached to short-term problems, and that short-term policies are carried out outside the plan strategy.

This is all the more true if planning is viewed essentially as the preparation of a blueprint, which naturally cannot envisage in detail all the vicissitudes to which the implementation of the plan will be exposed. If, as is the case, there are no suitable models for making the short and medium-terms compatible, the plan is certainly limited as a guideline for short-term action, beyond providing general indication. Most planning bodies have not yet managed to work out such instruments, but in any case their availability would be only a necessary condition and not a sufficient condition for ensuring the implementation of plans. It is also necessary to over-come this separation between planning bodies and the decision-making and operational units.

3. New fields of action for planning

The problems relating to two areas which have recently been included in planning activities, science and technology and the environment, are better dealt with separately. In many governments there are bodies with specific competence in these areas, as well as special units in some planning bodies. Consequently, in many cases there are no formal gaps here, but it is felt that the treatment they receive in the formulation of plans and in the policy implemented is not in keeping with their importance in the development process.

(a) With regard to science and technology, in many countries specific plans have been formulated and institutions set up with financial resources to support activities in this field, in both the public and the private domain. However, direct observation in most countries indicates that the

development plans have only a limited policy content on science and technology, that the modalities for implementing them, when they exist, do not meet the requirements considered necessary for the purpose in the light of experience, and that the links and results of co-ordination between planning machinery and the institutions devoted to promoting science and technology are weak. The need to incorporate this topic effectively in planning processes is based not only on its importance but also, and primarily, because it is felt that in this way it would be much easier to link up scientific and technological development with development objectives, with the strategies to ensure that the objectives are achieved, and with the resource allocation and policy measures of the medium-term plan. The choice of priority areas for scientific research should not be based solely on existing trends, which may not necessarily coincide with the country's general development needs in the medium- and long-run. Similarly, the flows of transfer of technology needed for the growth of the production sector should be harmoniously linked with the local efforts to adapt and create technology, supported by the above-mentioned technological promotion policies. Thus, it is necessary to establish the technological profiles which are most suitable for these sectors in order to ensure that they achieve their growth and distribution objectives. The strengthening of the co-ordination between planning machinery and specific bodies in science and technology and the inclusion of this topic in the substantive content of plans would fill a gap in the planning process, and hence the potential of scientific and technological policies, and make it possible to tackle more efficiently a development problem whose importance is widely recognized.

(b) As in the previous case, in the sphere of the environment efforts are already being made, but if in most countries of the region it is possible to find evaluations of natural resources there are practically no comprehensive, integrated and overall studies of ecosystems. Only studies of this kind will make it possible to progress in understanding and planning the environment as a subsystem which interrelates with society in such way that the two reciprocally condition one another and form a single global system.

The policies aimed at conserving, improving and increasing natural resources and the efficiency with which they are used, and the policies designed to conserve, improve and expand the production capacity of the environment are part of development policy, since they are what make the latter feasible in the long-term.

Hence it may be deduced that activities aimed at the discovery and evaluation of natural resources in a country, and particularly of the behaviour of its ecosystems, must be one of the central concerns of planning and of scientific and technological policy. However, the environmental dimension cannot properly be considered and included in planning merely by combining it with the economic and social dimensions. The planning system must internalize the awareness that society and nature reciprocally shape one another.

The introduction of the environmental dimension in this way means that planning must attach particular importance and concern to the following:^{9/}

9/ These suggestions are taken from the document "Styles of development and the environment in Latin America", prepared by O. Sunkel, Co-ordinator of the CEPAL/UNEP on Styles of Development and the Environment in Latin America.

(i) Ensure access to and adequate use of the natural resources necessary for ensuring the satisfaction of the existing basic needs of the entire population;

(ii) Secure a suitable use and reproduction of natural resources which makes it possible to sustain development in the long term and guarantee the survival and well-being of future generations;

(iii) Reorient scientific and technological activities towards the enhancement and use of the biophysical environment itself, and particularly the use of renewable resources and the recycling of waste. This is particularly crucial in the case of energy;

(iv) Create a profound and systematic concern for the way in which the structure and functioning of society in all its dimensions, and recently in the environmental sphere, is permanently influenced by the international setting;

(v) Foster a large-scale effort to reeducate the entire population and make it aware of the environmental dimension and the ecological aspects of development; this is particularly important in professional technical and scientific higher education.

In brief, what is necessary is to institute a multidisciplinary outlook which integrates the different levels and sphere of planning, and particularly the incorporation of the knowledge contributed by the natural sciences on the one hand and the physical and spatial dimensions of planning on the other.

C. STRENGTHENING OF PLANNING SYSTEMS: MAIN TASKS AND CONDITIONS

It was stated earlier that the forthcoming decade offers serious challenges to the countries of the region. In the light of these, a series of clear objectives should be set in order to decide, within the characteristics of the national development project, what strategy to adopt in tackling them. All this represents a challenge for planning. The planning systems will have to participate actively in the formulation and design of the general and specific objectives of each country, analyze various strategy alternatives and above all make a significant contribution to the implementation of the chosen strategies.

For that purpose, the planning systems will have to undertake a set of tasks aimed primarily at strengthening their structure, improving their links with the decision-making levels and raising their technical and operational level. The importance of these tasks will vary according to the style of planning in question. Their weight will depend primarily on the function the style attaches to the market in the resources allocation process. Some tasks, however, because of their general nature will be common to all styles. Furthermore, the weighting should take into account the special characteristics of planning processes in the smaller countries of the region and the countries with less experience in the practice of planning.

The list of obstacles and problems discussed in section B.2 of this chapter provides an initial guide to the action for strengthening planning systems. The tasks and conditions may be grouped as follows: (i) improving

the basic infrastructure of the planning systems; (ii) improving the methods and techniques used; (iii) overcoming some specific partial problems; (iv) improvements in public sector planning; (v) increasing the operationality of planning.

1. Basic planning infrastructure

This refers above all to the provision of suitable human resources and of adequate and timely statistical information. In this connexion, it should suffice to refer to section B.2.a, as the presentation of the problem (which is all too well known) alone immediately suggests as many lines of action for tackling it as there are obstacles which have prevented further progress so far. In fact, this topic has been dealt with repeatedly, inter alia in earlier ILPES documents; but as the problem still exist they deserve mention here.

2. Methods and techniques

(a) First of all, mention should be made of the need to enhance the set of models customarily used in planning and adapt them to the concrete needs of the different style.

Planning models have proved to be suitable instruments for exploring the alternatives which may be followed to achieve a set of coherent and compatible goals in a given time. They are therefore useful tools for those responsible for decision-making.

There is no fixed mould, of course, for building models: on the contrary, different possibilities should be explored according to the styles and time spans to be planned for. In any event, some general suggestions are valid for all styles:

(i) The model should suitably reflect reality. In most countries of the region, this means envisaging major features such as structural heterogeneity, segmented demand structures, dependence on the industrial centres and a large public sector.

(ii) There should be a continuous working relationship between the technical team which prepares the model and those responsible for establishing economic policy, political leaders and the other authorities in the planning office. This dialogue should start during the first stage of the planning process, prior to the formal elaboration of the plan.

(iii) Broad consideration should be given to the estimates, projections and plans of "non-mathematical" planners. This is normally done by using the targets put forward by such planners as restrictions on the results produced by the model which, in turn, freely chooses the set of variables through which to achieve the target. This practice, however, should be extended to include estimates and projects based on numerical experimentation models, which may be as valid as the econometric particularly in times of change and uncertainty.

(iv) The structure of the models used should be simple, and the results should be summarized and presented in a clear form which is easily accessible to those who must carry out the ensuing tasks.

(v) The work of the technical experts should include not only the presentation of the results achieved by the different models, but also the familiarization of the other members of the planning team with the use and significance of their method so that it can be incorporated systematically in the institutional framework of planning.

(vi) Finally, given the complexity of the tasks involved, it will be difficult for a single model to meet all the needs of planning. Thus, for example, short-term planning basically calls for a consistent macro-economic model which serves as a framework for the preparation of the national economic budget, ensuring the coherence of the main real flows of income and the national product, financial flows and the price level. Secondly, medium- and long-term planning should be based on an empirical model which includes capital formation, growth of the labour force, use of natural resources and technological progress, in order to orient the development policy. Finally planning in specific sectors may require the formulation of optimization models which mainly serve as a basis for selecting investment projects and for technological policy.

(b) Uncertainty and adaptable planning. The present decade, as mentioned earlier, opens in a time of change and uncertainty. This means that the trend towards disequilibrium replaces equilibrium as the normal state of the economic, political and social structure. In such conditions, not only is it difficult to foresee the features of such structures in the future and therefore the behaviour of the agents and variables they comprise, but also it is hard to foresee the final result of the policies adopted or executed at present. Consequently, the plan blueprint, expressed as a set of objectives and means for achieving them, tends to be particularly rigid, in that it assumes the validity in the medium term of the targets, of the expected behaviour of the various variables, and of the strategy and policy measures proposed. To an increasing extent, experience has shown that it is not possible to assume that these will remain constant, and that therefore many plans have been divorced from reality only shortly after having been drawn up.

The effects of this uncertainty at the international level are compounded by those stemming from the necessary process of change in which the countries of the region will be involved in order successfully to tackle the major challenges of the decade, internal changes which by definition are particularly profound in the case of style 3. This same process of change may affect the attitude of various non-national actors towards the country.

In order to face up to this situation, it is important that the planning machinery should identify a target picture which establishes a clear-cut normative mould. The action strategy, on the other hand, given the uncertain context in which it is set, should be above all flexible or adaptable. In other words, it should be such as to allow the various economic and social policy measures in the short and medium term to shape a process in which revisions and adjustments are made wherever necessary.

In this adaptable form of tackling the planning process, the diagnosis retains its central importance and in addition must be capable of following the changing circumstances of the process. By constantly being fed back into the planning process, the diagnosis should affect the work of forecasting and analysis; the latter, in a dynamic, changing context, should in turn constantly be adjusted to the new problems arising out of the diagnosis. Thus, the economic and social policy derived from the plan will stem from a sufficiently careful analysis which gives an account of

the changing external reality and the various domestic repercussions of the implementation of the social and economic policies.

3. Some partial and specific problems

Immediate attention should be paid to other problems of great importance for planning in general. These include the better integration of social planning within global plans, the effective integration of regional planning in global plans and a more effective incorporation of planning of the environment and science and technology. This is not the place to go into details about the particular kinds of action needed. From the regional standpoint, this has been discussed in three chapters of this document, and in any event must take into account the problems presented in section B of the chapter. Besides, in such cases the differences at the national level are more accentuate.

4. Public sector planning

(a) Global planning of public projects and programmes

This section contains a number of considerations which are particularly relevant to those countries which have adopted planning style 2 and are attempting to make this type of planning more comprehensive and integrative. This is consistent with the statements made by the great majority of governments which have adopted this type of planning with regard to their conception of "projects and programmes" as the form in which to advance towards integral planning.

(i) The operational plan. This plan should concentrate on three basic elements: (1) the preparation of an inventory of public projects and programmes which are economically and socially viable and consistent with the amount of financial resources available in the public sector; (2) the design of policies to encourage private investment in areas which are consistent with or complementary to the action lines established for the public sector; (3) the establishment of machinery to monitor the implementation of projects and programmes.

To achieve all these objectives in good time, it is necessary to draw up an inventory of all projects and programmes, whether underway or due to begin, which are financed in some way by the public sector, with clear criteria for evaluating them. In addition, it is desirable to have a detailed budget for each project and programme for a period of two or three years, distinguishing between expenditure in local and foreign currency. Finally, it is necessary to design and set forth in detail the economic, financial, fiscal and monetary policy measures to be carried out during the process of plan implementation, particularly those aimed at encouraging private sector participation in the achievement of the plans, objectives and goals.

(ii) Improvement of budgeting methods, basically in order to secure better links with the annual plan. The organizational, administrative and technical improvement of budgeting should cover at least the following three aspects:

- better links between budgets and the annual plan;

- establishing a classification system of budget expenditures in terms of the investment and current expenditure categories of the plan;
- ensuring unity of criteria and action in the budgeting process.

(iii) Preparation of multiannual sectoral programmes and comprehensive planning. Annual planning and the budget, given their time horizon, offer a restricted view of the development process. The perspective of the planning process is necessary in order to give an account of how it is intended to carry out certain strategic changes as well as the problems which ongoing projects and programmes may encounter in the future. In order to ensure that planning has this perspective the following points should be considered:

- Design of multiannual sectoral plans including a ranked list of feasible projects and programmes which may be carried out over time.

- Identification of various development strategies and the set of projects and programmes needed to implement them.

- It is possible to progress from multiannual sectoral programming to the preparation or enhancement of prospective macroeconomic plans. The preparation of such plans on the basis of the experience gained in the preparation of multiannual sectoral plans may be a sound way of achieving long-term plans which have content and can therefore be implemented.

(b) Planning the action of public enterprise

As the public enterprise sector is tending to become highly important, particularly in styles 3 and 4, special emphasis must be placed on the rationalization of its operations. Public enterprises do not form a uniform whole from the standpoint of activities, factors mix, technological complexity, national importance, etc., nor even from the standpoint of the objectives assigned to them. This creates difficulties for planning the activities and measuring the efficiency of each of them. In the circumstances, an approach to the problem of efficiency in State enterprises should envisage:

(i) Assigning every state enterprise a minimum number of suitably ranked objectives. When it is assigned as its fundamental objectives the production of goods and services with a given level of profitability and, secondly, it is required to carry out some "promotion" operations, there should be some kind of compensation or separate accounting whereby it is possible to judge the two classes of operations separately.

(ii) The State enterprise (in the case of styles 1, 2 and 3) whose basic role is to articulate the monopolistic or oligopolistic characteristics of a market, must be efficient within that context, in such a way that their efficiency may be measured by their profitability in that market.

(iii) Enterprises assigned complex objectives which are not quantifiable on the basis of available information should be evaluated according to the cost of implementation of those objectives. Ways of measuring efficiency should be defined a priori and outside the enterprise.

(iv) The enterprises should enjoy a high level of operational independence, but their main objectives, long-term investment programmes and use of surpluses should be defined by the corresponding planning machinery.

In sum, it will be necessary to establish criteria, organizational forms and technical instruments ensuring maximum social efficiency of public enterprises.

5. The operationality of planning. The technical and political position of planning systems

(a) The improvement of the operational capacity of planning is not an objective which can be attained following a simple line of action. It must be approached on several fronts, which have partly been mentioned in this chapter. Thus, for example, mention has been made of the need to strengthen the basic infrastructure of planning bodies, and the desirability has been stressed of suitable technical instruments for bringing short-term economic policy into line with medium-term plans. It should be added that the effectiveness of planning systems depends in the last analysis on the commitment by political circles and by the country as a whole to their objectives and strategies, and also the effective participation of the planning system in government decisions. This should not be construed as a desire to raise the hierarchical rank of the planning body or to assign new powers to it. On the contrary, the way in which to achieve this greater presence in public political life should be a search for greater commitment, solidarity and collaboration both by the rest of the system in general and by the relevant forces of the private sector.

(b) The active presence of planners in the main decision-making centres, particularly in the design and implementation of short-term policies, should provide a longer-term view and contribute to the unity of the entire process, since short-, medium- and long-term actions must be integrated in a single process. This conception is fundamental as planning is aimed at the long-term but is primarily carried out through action affecting and affected by the immediate situation.^{10/} The planner's criteria should be taken into account in the implementation phase of policies, programmes and projects where other public bodies are more important, without aiming to replace them in their powers and responsibilities.

(c) A participating State. The State, particularly in styles 2, 3 and 4, bears primary and direct responsibility for ensuring that the objectives set forth in the national development project are achieved. For that purpose, as was mentioned earlier, it is essential that it should have the conscious and active support of the various social forces. The State should therefore make a key effort to take account of the needs and interests of a broad set of social forces, and ultimately to foster the conditions which allow for the full development of human beings and their effective participation in the process of taking the political, economic and social decisions which relate to or ensure the achievement of the objectives set by society.

From the standpoint of planning, this refers to the need for effective participation by the social forces in the determination of objectives, choice of instruments and implementation of the national development plan. If planning is to have these characteristics, the population must have channels for participating in the planning process. To that end, the structure of the planning system should combine flexible degree of functional and territorial decentralization and deconcentration, in an attempt to harmonize the needs of participation with the requirements of unity of criteria.

^{10/} This is particularly true in style 3, where short-term action must tackle the disequilibrium inherent in a changing structure.

It should be pointed out that participation in planning is not merely a requirement for ensuring that the mass of the population is effectively committed to the strategy being implemented, but is also necessary for selecting or designing the priority of projects and programmes whose impact cannot be quantitatively evaluated using available information.11/

The foregoing is particularly true in the case of styles 3 and 4, where planning must be the central instrument in managing the economic process; in style 3 the logic of the market is subordinated to or oriented by the logic of planning, although the play of the market retains an important role.12/

Furthermore, it may be said that if the decision is taken to seek to build a more participatory society, the planning system may become one of the most effective channels for achieving that objective. Thus, the question should be posed not only in terms of how planning can benefit from participation, but also in the politically even more significant terms of how planning can benefit, make feasible and contribute to the objective of participation.

11/ This is the case, for example, of the bulk of projects and programmes aimed at satisfying basic needs, where there are no objective criteria for determining the benefits or degree of urgency of the unsatisfied needs.

12/ The market is the mechanism through which economic information flows throughout society, in which decentralized decisions are taken and which acts as a basic indicator of short-term tension or "lack of fit" between needs and possibilities.

A STRATEGY FOR THE CARIBBEAN COUNTRIES DURING
THE THIRD DEVELOPMENT DECADE *

I. The background to consideration of the strategy

(a) The meaning of development in the Caribbean countries

The Caribbean countries share certain common characteristics which are responsible for the specificity of the process of development they are experiencing and of the perspectives open to them. Due to the size and structure of their economies these countries are in a weak position to control the rate of expansion of their productive systems. A development strategy suitable to their circumstances demands a peculiar emphasis on enhancing the sophistication of the inputs into the process, while establishing mechanisms for the adequate distribution of the outputs.

Projected structural transformation in their internal organization must therefore be primarily geared toward the achievement of a more equitable society rather than merely a wealthier one. Without the achievement of more acceptable levels of equity, there are few possibilities of achieving sustainable growth, although recognition also has to be given to the alternative that without some growth, acceptable redistribution will be very difficult to achieve.

The pursuit of development from this angle, in a context historically unsympathetic to self-reliance and self-determination, rests on the possibility of achieving significant advances in:

- the reorientation of education and the circulation of ideas in society;
- the development of technological capabilities which will enable the level of the technology in use to be upgraded;
- the optimum utilization of human and natural resources to tackle issues such as job satisfaction, full participation of women in the development process, and environmental considerations;
- the achievement of structural transformation which allow for a high degree of productive flexibility (that is to say, a self-propelled ability to introduce shifts in production in response to regional and international demands);
- the expansion of the quantum of socially available capital.

The expected outputs, which are obviously interdeterminate with these factors, can be disaggregated as: satisfactory basis levels for food, health, clothing and housing; enhancement of the intangible elements for progressively raising the quality of life; and mechanisms which do more to facilitate control by people of their own destiny.

* CEPAL: A strategy for the Caribbean countries during the third development decade (E/CEPAL/G.1132) 5 September 1980, pp. 2-15.

As far as this sub-region is concerned, a suitable strategy for development implies, then, the skillful management of these different aspects, each of which is endowed with a specific dynamic of change, and the implementation of which requires a series of institutional innovations. Most significant, both the ends and the means of development in the Caribbean setting demand some form of planning, and that planning must bear heavily on the participatory aspects of the exercise.

(b) Role of geo-historical factors

The Caribbean society derives from a set of small islands or island-like economies set up during the golden age of the plantation system, to satisfy the requirements of metropolitan countries at the early stages of their process of capital accumulation.

On the one hand, the pattern of plantation development was accompanied by "balkanisation" of the Caribbean. Smallness was then an asset, since it eased political and administrative control and facilitated implementation of the metropolitan model of development. Relations between one island and another were secondary to the bilateral hold of the colonial powers, and in this context the Caribbean Sea became the battlefield of others rivalries. On the other hand, the fully-fledged monoproduktive systems could only materialize by minimizing the efforts of the domestic populations to cater for their own needs, which in turn generated the pattern of total economic dependency.

Few social relations could be established between the different social classes, aside from the basic power relations of colonialism, under a kind of constant or potential military occupation. A segmented Caribbean society evolved with, within each country, profound cleavages in its stratification and a system of group differentiation based on an overlapping of class, race and culture. That initial pattern of insertion of the Caribbean in worldwide relationships and the subsequent military prerequisites of this insertion resulted in total external orientation of the sub-region. A few countries and some minority groups managed to modify this situation for a time, but they were brought back to the international context through military conquest, then called occupation. External dependence became generalized. The monoculture productive systems were linked to metropolises, so that within the Caribbean lack of linkages, at the national and regional levels became a permanent structural characteristic, while at the same time the distances between social groups became greater and greater.

Rearrangements of Caribbean productive factors during the present century took place under external ownership and control of the most dynamic sectors of the economy. The world-wide transformation that came with the development of transnational corporations also had its impact in the Caribbean, where these corporations gradually cornered the viable local resources and owned the economic ventures linked to the trade sector.

In this context genuinely Caribbean institutions, economic or otherwise, could not deploy their potentialities fully and respond to local needs. It took the world crisis of the 1930s to set in motion the forces for changes oriented towards self-determination, either in opposition to colonization or to military occupation. The gradual increase in domestic control of internal political processes opened the way for some reorientation on the part of local governments. An effort to cater for local demands with local resources and to achieve some degree of legitimization was initiated. Political imposition started to regress or to select more oblique means.

The legacy of colonization on military occupation impinges heavily on the instrument of change available to Caribbean governments in the present context of modified extra-regional orientation. Most of the local elites have been socialized within external political and economic dependence, and within educational systems set up to respond to the requirements of the metropolises. The inequalities and prejudices characteristic of the previous situation, including the inappropriate educational systems, have remained prevalent beyond their raison d'être.

II. The present crisis in Caribbean evolution

(a) The situation in 1970

At the beginning of the last decade, the Caribbean found itself in a state where neither the inherited economic patterns of lack of economic diversification, absence of sectoral linkages, and heavy reliance on imported food and consumer durables, nor its built-in inequalities, had been modified substantially. Some expansion of traditional agricultural exports could be noted, together with a growth in tourism, and together with exports of bauxite, alumina, petroleum and petroleum products, mainly in unprocessed or semi-processed form, these accounted for the bulk of hard currency earnings. Some progress had taken place in establishing manufacturing sub-sectors, mainly for national markets. The reliance on imported food was increasing and the need for external financing growing ever more pressing.

Parallel to that gloomy picture, consumption aspirations and patterns of consumer tastes inappropriate to the local resource, base and to the productive capacity of the economies were developing, especially among the urban middle classes. The expansion of an already inappropriate system of formal education was no less significant than the increasingly dysfunctional nature of the mass media, particularly television.

Among the under-privileged, nonetheless, resistance to outward-inspired social changes was being expressed in significant outbursts of social unrest. Prospects for serious civil disturbances appeared, while the outflow of trained people from the Caribbean continued unabated, affecting the most varied social strata.

(b) The position during the 1970s

The 1970s was marked by a variety of external situations that affected the economies of the Caribbean. Adverse terms of trade, the monetary crisis with seriously fluctuating exchange rates, shortages of food imports, all had their impact on the sub-region. Generally speaking, the rates of economic growth slackened throughout the Caribbean. Those countries which had better growth rates depended heavily on a rapidly expanding tourism sector or on petroleum. Serious balance-of-payment problems arose, and in the circumstances cannot be regarded as temporary. Imported inflation, worsening of the terms of trade, and in some cases increasingly serious debt service problems further aggravated the situation. Heavier dependence on external sources of finance and official aid became an unavoidable necessity, and the impact on internal economic and political stability of the conditions in which such funds were obtained began to assume unprecedented significance.

The most traditional sector of the Caribbean's inward-oriented activities, the production of food on family farms, could not keep pace with demand, and by the end of the 1970s the region became a net importer of food. Even the limited economic growth that was achievable suffered setbacks due to unfavourable climatic conditions affecting several countries (drought and floods, hurricanes and even volcanic eruptions). With growing unemployment, underemployment and manifest dissatisfaction, the processes of out-migration grew uncontrollably, in spite of increased restrictions by the recipient countries. Finally, there were signs of intensification of political crimes and arson.

The 1970s also evidenced a series of inadequate responses in terms of the quality of national economic management. The countries were not only unable to face adverse developments, but there existed no leeway to share misfortune and lessen its ravages.

In summary, the definition and description of the Caribbean and its present economic and social conditions was that it consisted of a set of fragmented and balkanised small island or island-like economies which:

- were at a stage of unbalanced and socially unsatisfactory semi-development,
 - were going through a severe crisis due to the cumulative interaction of conflict-prone ingredients,
 - were all, by history and by culture, plural societies with complex and intermingled lines of cleavage,
- and which were motivated by aspirations and currents towards:

- (a) rapid economic progress,
- (b) social equity and better cohesiveness,
- (c) profitable self-determination,
- (d) deployment of their original specific identity.

(c) The present crisis

There have been no specific developments contrary to those evident during the 1970s that would seem to indicate any change in the adverse circumstances affecting the Caribbean. On the contrary, the presently available indicators suggest that the situation has worsened. The sub-region faced with a pattern of frequent increases in the real price of oil, which at each step leaves less for procurement of materials for sustaining production in agriculture and industry, and there is the continuing prospect of further deterioration of its terms of trade. This combination heightens still more the dependence on external financing. Without some new inflow of concessional funds the prospects are that as the balance-of-payments situation deteriorates, there will be a further increase in the already burdensome external debt.

The restraint that curb production in the face of rising coupled with high import prices, will stimulate a continuing high rate of inflation and even higher levels of unemployment will affect more and more Caribbean countries. As a world food shortage looks probable, still further problems can be expected. Given the present orientations, there are few prospects for expansion in the domestic and export agricultural sector, while the manufacturing sector will experience more and more difficulty in expanding its capacity, and even in maintaining the present levels of performance.

(d) Internal forces for change

Among the underemployed, new elements are becoming evident throughout the Caribbean. Thus, the ranks of the resourceless unemployed are being swelled by increasing numbers of school-leavers, anxious to express themselves and to realize their potential. In addition, Caribbean women are no longer prepared to stay away from meaningful activities. On the other hand, the trade unions undoubtedly have the understandable intention of safeguarding the interests of their affiliates to the best of their ability.

Migration has traditionally been a safety valve for the Caribbean, but the measures taken by the developed countries to restrict the flows of legal migrants, in the face of a widespread economic recession, will most certainly be extended. It is difficult to foresee a continuation of the present high rate of population outflow from the sub-region. Thus, within the countries the need to make more room for a surplus of manpower not susceptible of mass exportation will be a further problem on top of the increased exposure to the disparities in income distribution and greater pressure for change.

The unemployment affecting school-leavers will enhance the demand for educational reform, as the inability of vocational schools to deliver graduates capable of finding employment will increase the pressure for a higher degree of adaptation of the school system to the characteristics of the local societies. Similarly, articulated demands

for the development of cultural and ideological pluralism will require changes in the substantive orientation of the curricula. Willingly or unwillingly, the whole system of socialization will have to reckon with demands for more relevance to the total environment. Parallel to the crisis in the social systems brought about by the impacts of adverse external factors and the weak capacity of local institutions to respond creatively to these impacts, however, favourable developments are taking place which make possible better organization of the societies. The basic difference between the colonial condition and that of independent country resides in the nature of government. Government, and within its administrative machinery the ministries responsible for development planning and foreign affairs, is still in its infancy in the ruling of the Caribbean, due to the fact that unlike colonial governments (or governments of occupation), the new governments have to rely on some degree of legitimization and acceptance. They must try to meet local needs with local resources. There is room indeed to enhance the efficacy of the instruments of governments, but the mere accession of the countries to independence is setting into motion the most powerful internal force of change.

A moot question is the capability of the Caribbean society to respond adequately and creatively to the demands for change. Certainly better national planning and national economic management will be needed not only to competently handle the short-term problems, but also to anticipate and solve the medium-term and long-term problems. To achieve relevance such planning must realistically incorporate the social groups, for without their participation there will not be effective solutions.

No less important is the urgent need to improve the efficiency of management in the public sector. This deficiency is immediately apparent in the islands of the East Caribbean, and is evident even in the bigger countries that have larger pools of trained personnel.

(e) Challenges

From its first insertion into the world community up to the present day the Caribbean has been the battlefield of the great powers. After the first period of slavery plantation, interference has been basically of a political nature. Generally it has not entailed any substantial modifications of the totally outward-oriented nature of the economies, and therefore has not stimulated important investments capable of sponsoring a process of integrated development. The ability of the Caribbean to cope with this situation, if not to put and end to it, will very much determine its development during the 1980s.

The fragility of Caribbean economic and social structures and their small capacity to withstand external economic pressures pose special demands for new approaches to national planning. Variables located in the international environment have an impact on nearly every aspect of the economic structures; even domestic food production systems have to compete with the advances realized by transnational corporations. The arrangements of local productive factors cannot keep ignoring levels of productivity in far more advanced and complex economies.

At the intra-regional level the fragmentation that derived from allegiance to different metropolitan countries, resulting in the total absence of relations between Caribbean countries, imposes the need to forge formal and informal schemes of intra-regional co-operation. Such co-operation can materialize only through practices which are contrary to the colonial tradition. The approach must be innovative, with the purpose of using the sub-region's resources to better effect. This is nowhere more clearly exemplified than in the priority projects to create infrastructures for intra-Caribbean communications within the current financial capabilities of the Caribbean countries.

In the global perspective, many problems that confront the Caribbean are also being experienced by other developing countries, and it is recognized that massive transfers of real resources to Third World countries are necessary to bring about a substantial change in the situation. Sharing in such transfers would ease the problems facing the Caribbean. At all events, given the high dependency of its economies the sub-region must mobilize external resource flows, either from multilateral or bilateral sources. The alleviation of the balance-of-payments situations caused by rising energy prices is a matter of urgency, and solutions must also be found whereby the net amount of foreign exchange earned or saved per unit of productive output can be increased. Raising agricultural production is a primary challenge in this respect, although it is only part of the larger challenge of raising the level of self-reliance of the Caribbean countries. In short, the present decade requires advances from economic dependence to a situation of greatly improved capacity of the countries to react creatively to changes in the external environment.

For this to be achieved, particular attention must be given to areas of priority action such as the exploration of hydrocarbons, the development of new and renewable sources of energy, and the realization of substantial increases in food production. These underlie the possibility of creating productive jobs and providing meaningful employment for the population, and they call in turn for structural changes in those systems of education and training that presently service the unsatisfactory production systems.

The range of concomitant lines of action raises for each government in the sub-region the formidable task of establishing adequate priorities and proper sequencing of measures, eschewing the inclination to rely on day-to-day expedients.

(f) Assets of the Caribbean countries

Considered as a sub-regional entity, the Caribbean countries do have important quantitative and qualitative assets in terms of human resources, natural raw materials and geopolitical location.

The human resources, in spite of present inadequacies in several respects and inadequate utilization, compare favourably with those of many Third World countries, both as regards size of population and qualifications of the labour force. In addition, the sub-region is endowed with a rather diversified set of natural resources, among which forestry, hydroelectric potential, petroleum, natural gas, bauxite, copper, sugar, coffee, bananas and maritime resources form a by no means exhaustive list.

Furthermore, the geopolitical location of the Caribbean is itself an asset. Situated between the land-masses of North and South America, it is uniquely suited for the production of services, and this is not limited just to tourism. Some of the most important maritime transportation routes pass through the Caribbean, not just between North and South America, but also between Asia, Europe and Africa and the east and west coasts of North and South America. Eventually, control of the geopolitical location could well become the Caribbean's greatest asset.

Moreover, inasmuch as the process of "balcanization" is being gradually reversed as the efforts towards intra-Caribbean co-operation gain momentum, it must also be recognized that the exploration of commonalities and complementarities is only at its initial stages. Sub-regional co-operation allows for the exploitation of a host of international instruments of aid and assistance in directions consistent with Caribbean choices. At the sub-regional level, such co-operation multiplies the availability of human resources and of scientific and technological knowledge indigenous or adapted to the circumstances of the Caribbean. Finally, at the national level, even the ideological and cultural pluralism of the sub-region increases the range of tested alternatives of solutions.

Important advances in the development of inter-sectoral and intra-sectoral economic linkages and in the implementation of a regional policy of imports substitution are in the making through the process of co-operation. The possibility of creating Caribbean multinational enterprises, of aggregating producers and exporters from different countries and of negotiating jointly with the rest of the world will, as the processes evolve, reduce the vulnerability of the area.

Participation in institutions operating in the wider Latin American context (SELA, GEPLACEA) and special relations with other Latin American sub-groupings of countries (the Andean Group, the Central American Common Market) likewise offer opportunities to reduce the vulnerability of the Caribbean. Associations with other Third World countries in the ACP and the Group of 77 should also assist in improving the protective shield against negative external influences.

(g) Planning and national economic management

In the face of the present crisis, serious consideration must be given to questions of national and sub-regional control of the total social, economic and natural environment in which the Caribbean is evolving. There is a need to further a range of forms of voluntarism which, giving due account to the size and structure of sub-regional societies, will rest on a definite search for higher levels of consensus.

Planning activities will undoubtedly take various shapes, from central planning to management of resources within open market relationships. But in all cases the processes will demand, together with a high degree of flexibility and due attention to the international scenario, increasingly sophisticated resources of knowledge and abilities. In view of the specificities in the very definition of the development process which suits the Caribbean, there will be a need to monitor more closely internal and external changes, to develop specific instruments of measurement and ranking, in order to increase the efficiency of management and optimize the control over an elusive environment.

Beyond the problems of investments, adequate combination of productive factors and expansion of the productive capacity, the key to planning during the 1980s appears to be summarized in the word negotiations: negotiations in the international fora and negotiations in the national contexts. To be effective, the plan or its substitute must gradually become the net result of a concerted action of society, based on collective choices and determination to achieve self-reliance, in spite of the severe pressures of limited financial resources. The plan will then be an instrument of arbitration in the search for equity.

The success of this arbitration will depend on the degree of efficiency achieved by the managers in the public sector. To attain high efficiency they must harness all the inputs in the departments and ministries of their administrative machinery. And even more, they must provide for the systematic training of government employees, particularly in the less developed countries. There is no denying the fact that for these small and independent nations the first time of defence will be knowledge.

III. Objectives and targets of the 1980s

Against the background of the challenges that face the Caribbean countries, the particular meaning of development in the light of their situations, the specific demands that are increasingly made on them, and the steps that need to be taken in order to meet such demands, it is feasible to enumerate a range of objectives and targets for the decade of the 1980s. The five most important of these are:

- (a) to make fuller and more efficient use of all the Caribbean's natural and human resources and to increase the social efficiency of the economy, including its institutions;
- (b) to raise the quality of life of the masses of the people and to create productive employment for all, including women;
- (c) to involve the people more fully than in the past in economic and political decision-making;
- (d) to bring about a more self-reliant and less dependent type of economy. This could be achieved irrespective of the relative weight of "inward-looking" and "outward-looking" development strategies;
- (e) for each country to set its own quantifiable economic and social targets within this general orientation, taking into account its own national objectives and targets and the resources available to it.

Quite clearly, item (a) will involve the implementation of an aggressive policy of science and technology development, supplemented by an adequate policy of information and dissemination. Inherent also in this is the upgrading of methods and mechanisms for the mobilization of human resources, including an increase in the abilities normally used as inputs in the development process and the harnessing of under-utilized human resources such as local traditional institutions and women's creativity. Another aspect is the implementation of a population policy which encompasses the determinants and consequences of migration flows outside the Caribbean and between the Caribbean countries, as well as the resettlement and colonization of unoccupied Caribbean lands.

Central to any suitable strategy for the Caribbean, is the enhancement of the quality of life of its peoples, which is mentioned in the second item. That large sections of the population feel there is need for improvement in their well-being, feel the urge for greater fulfilment and require the satisfaction of achievement is signalled

by the disaffection and dissatisfaction evident though the Caribbean. The chronic situations of unemployment and under-employment will have to be tackled frontally for experience leaves open to question the effectiveness of indirect methods.

Inevitably, these approaches are not feasible without the willing involvement of the people concerned, whose participation must be active at all stages if the prime objectives are to be assured. Popular participation will also make easier the enhancing of social cohesiveness through cultural policies and mass communication policies which foster the deployment of cultural pluralism, tolerance, mutual respect and understanding, social articulation between the elites (especially the intellectual elites) and the masses, and between the different social groups.

With greater social cohesiveness in the society and free participation in its process of planning and plan implementation, there would be an adequate framework for developing the flexibility of response that the Caribbean countries must attain. It would also be an environment in which a better balance could be struck between the internal and external orientations within each country, in accordance with its own choices and capabilities. Thus, the goals of reduced dependency and greater self-reliance are brought closer; but this can only be maintained by continually upgrading the capability of Caribbean governments to negotiate with the external world, and increasing the capability of the productive sector to respond to changes in the international market. Part of this process must be the creation and utilization of the new mechanisms for intra-Caribbean co-operation.

But underlying all this is the vital need to increase the efficiency of the public service in bringing about social and economic transformation, so that each country can adequately set its own quantifiable economic and social targets. For it also must be realized that there will be reactions to any process by which Caribbean countries can free themselves from the classical interference in their own affairs and strive for a more equalitarian society. This very fact will exacerbate the vigilance and rivalries of the international economic and political forces, and create new challenges for self-reliant and self-propelled development in the sub-region.

IV. Policies, measures and actions

The policies, measures and actions that emerge from the above considerations are best stated in summary form. They fall into three broad groups relating to external relationships of the governments, economic planning and management, and social planning and articulation.

A. Strengthening of Caribbean bargaining power

1. Strengthening of international institutions which channel Caribbean aspirations:

- active participation in the Group of 77, the ACP Group, and negotiation of acceptable conditions for external financing, especially as regards preferential oil prices. Negotiation of preferential treatment for the Caribbean if a global solution for non-oil-producing countries of the Third World does not materialize.

2. Strengthening of regional and sub-regional institutions for co-operation (SELA, GEPLACEA, CDCC, CARICOM, CDB, WISA/ECCM):

- Adoption of measures to ensure the operationality of sub-regional mechanisms for co-operation (CCST, Caribbean Information System. Restricted Postal Union, CIC); and creation of new mechanisms for the development of social sciences (particularly economics, sociology and education).

3. Strengthening of national institutions dealing with the outer world:

- development of more skills in negotiations with international organizations, making more use of old and new mechanisms to harness financial resources and to modify the present monetary system;
- development of specific information systems to service Caribbean representatives and eventually to offer briefing on the variety of mechanisms and legal instruments in use with respect to specific issues of foreign relations;
- increase in foreign language capabilities as regards other Caribbean countries, particularly in respect of the official languages spoken in the Caribbean.

B. Economic planning or management of available resources

1. Development of a flexible system of planning or of management of available resources adapted to the size and structure of Caribbean economies:

- need to emphasize, in the choice of areas of economic activities, the close scrutiny and constant assessment of perspectives and changes in the international scenario.

2. Use of resources available in the international context:

- vigilance in avoiding subjection to the policy preferences of external suppliers of funds (transnational corporations, bilateral and multilateral lending institutions);
- negotiation and implementation of a sub-regional policy and corresponding agreements with oil producers of the Caribbean Basin (Trinidad and Tobago, Venezuela and Mexico) aimed at lessening the effect of rising prices, as an alternative to bilateral arrangements.

3. Organization and management of internal Caribbean resources to seek an appropriate balance between inward and outward-oriented activities:

Outwardly:

- diversification of exports of manufactures and services (tourism, off-shore banking facilities, closer relations with foreign universities, flag of convenience for shipping);

Inwardly:

- implementation of priority measures to develop food production and to create adequate marketing conditions for agricultural goods; promotion of small farming and fishing, execution of land reform, establishment of control and zoning of agricultural land, execution of projects for the preservation of land resources, and assignment of special attention to community development;
- development of energy production from both conventional and non-conventional sources, especially new and renewable (energy from rivers, wood, the sun, wind and the ocean);
- development of small-scale enterprises, with special attention to the product cycle and the technological cycle;
- development of certain basic industries adapted to specific countries such as production of hydro-electric power, alumina, gas, cement, caustic soda;
- development of import substitution at the sub-regional level, particularly in the service sector (insurance, shipping, publishing, applied research and development).

C. Social planning or social engineering

1. Development of knowledge of the Caribbean circumstances, involving:

- formulation and dissemination of a political economy of independence suitable for the Caribbean in the light of the size and structure of its economy and society, geopolitical situation, present rivalry between the developed countries, etc;
- adoption of measures to overcome the intellectual crisis in economic and sociological doctrines (support for research institutions and individual researchers, stimulation of comparative studies, and institutionalization of intra-regional co-operation);

- development of alternative economic models appropriate to small island or island-like economies (including Guyana, Suriname and Belize), offering a suitable balance between outward and inward looking activities and giving due consideration to the constraints deriving from the conditions of external financing and the balance-of payments situation;
- development of sociological and anthropological research aimed at discovering the values and aspirations of the people as well as their collective choices, and assessing popular institutions such as the community property system, sou-sou, guayap, combite, or mechanism for survival and income distribution operating among the underprivileged;
- development of Caribbean statistics, a statistical data base, and timely analyses susceptible of enhancing the quality of decisions and choices; development of appropriate sets of socio-economic indicators and progress in the ranking of indicators expressing the actual input of the Caribbean development processes;
- measures to overcome the isolation of the intellectual vis-a-vis the general public (by-passing internal linguistic barriers) and vis-a-vis the policy makers and the productive sectors;
- dissemination across national border within the Caribbean of the accumulated knowledge on the different peoples of the Caribbean, their history, institutions and culture;
- development of the information sciences and the sciences of communication, aimed at ensuring their participation in the processes of mobilization of resources for development.

2. Deployment of the distributive mechanism as instruments to achieve more equity and greater mobilization of available human resources:

- upgrading social sectoral planning, social welfare planning and manpower planning;
- upgrading the monitoring and reporting of the labour market situation through the efforts of governments, trade unions and employers' associations. Detection of labour relations that by-pass established legal frameworks - such as sub-contracting independent workers and using them, together with their entire families, as de facto salaried workers - especially as practised by managers of plantation agriculture, as well as commercial firms and small enterprises in the garment industry, the production of food crops, and urban transportation;

- formulating specific objectives on employment, nutrition, education, health and housing, and designing and implementing strategies susceptible of making agriculture attractive to the labour force, and particularly young people;
- increasing the participation of women in the development process, as part of the process for achieving income distribution and equity. Some specific related actions in this connexion are:
- adequate provision of water and eventual organization of collective laundries;
- provision of day care centres, equipped to monitor the mental and physical health of children;
- provision of facilities to secure the right of women to decide when they wish to procreate; provision of maternity benefits, time-off allowances, etc.;
- abolition of all forms of discrimination against women in their place of work (equal pay, minimum wages for domestic workers and garment industry workers).

3. Development of forms of social articulation compatible with the mobilization of available human resources and self-reliant management, embracing:

- formulation and implementation of a sub-regional population policy aimed at counteracting the drain of skills from the Caribbean, modifying the present orientation towards the metropolitan countries, fostering the settlement of Caribbean people within the Caribbean, and increasing the links between those who have emigrated in this Second Diaspora and the Sub-region as the motherland;
- increasing the participation of women in the process of development as an inward-oriented measure of mobilization of all available resources with special attention to:
 - conscious and systematic efforts to eradicate legal discrimination against women (assessment of citizenship and family, laws, legal status of unwed mothers and "illegitimate" children);
 - eradication from teacher, nurse and secretarial training textbooks, newspapers, mass media, advertisements and posters of all forms of discrimination against women; discouragement of all efforts to channel women into only traditional occupations;
- continuation of assesment and reform of the substantive content of formal and informal educational systems, with an aim not only of upgrading efforts at mental de-colonization but also of achieving more cohesiveness:

- encouragement of the use of local/national languages and the circulation of cultural production emanating from minority groups;
- encouragement of the use of local and Caribbean themes in formal and informal educational systems; diversification of inputs to the mass media as a currency-saving mechanism and as an instrument to foster self-reliance and mutual understanding;
- systematic experimentation aimed at designing adequate methods and techniques to disseminate development issues through the media and to increase the public awareness of the challenges facing the countries and the sub-region as a whole;
- assessment of the organizational structure of the communication sectors, particularly broadcasting and publishing;
- assesment of the role played by key inherited institutions (Westminster model of political institutions, judiciary system, trade unions);
- determination of optimum forms of economic organization consistent with the required degree of popular participation (co-operatives, State-supervised enterprises, partial ownership by workers, private ownership); experimentation in forms of decentralization compatible with small-sized societies (delegation of power and functions to local governments, village, councils, associations of neighbours, parent/teacher associations) and likely to create a context conducive to the reduction of cultural and racial cleavages;
- creation of a suitable context for the development of local traditional institutions (sou-sou, guayap, combite, larose) and increased use of these for the provision of services (day care centres; collective laundries; maintenance of roads, schools and public buildings; storage and marketing of agricultural and fishery products; preventive medicine and environmental protection; organization of leisure, cultural activities in the plastic and performing arts; development of sport);
- organization on a broad and systematic popular basis of preventive measures to deal with recurrent natural disasters such as hurricanes, droughts and floods;
- systematic experimentation on a Caribbean-wide basis, particularly in the less developed countries, in forms of training for the civil service oriented towards the efficient management of the resources available in the international, regional, sub-regional and local contexts, the conditions under which they are available, the institutions through which they are negotiated, and existing agreements and prevailing regulations, with extensive use of TCDC funds for these purposes;

- systematic experimentation on suitable techniques for the dissemination of science and technology, geared to specific activities which it is desired to stimulate (for example, use of sugar-cane by-products for industrial purposes, energy-saving methods and techniques, export opportunities).



THE CARIBBEAN AND
THE DECADE OF THE 80'S

S. St. A. Clarke */

A setting of conflict

The decade of the 80's will see the intensification of a struggle in the Caribbean that will very largely determine whether these small economies will emerge to an acceptable measure of economic independence and self-determination, or whether they will remain the wards and vassals of metropolitan powers.

The struggle, which already has been gaining in intensity, will revolve around the single issue of the extent to which these countries can choose their own path for their social and economic organization, or have to accept the external models that continue to be imposed on them.

The majority of the Caribbean countries are in the situation that exploitation of their best natural resources are controlled from the outside, and large important sections of the economic apparatus are owned and controlled by external interests. Minerals, agriculture, industry, also trade - almost all the financial infrastructure, and in some cases even significant public utilities, have been largely outside the ownership and control of their peoples and governments. This has negated the effectiveness of the processes of planning and decision-making.

The real irony consists in the internationally imposed pressures dictating the maintenance of value and living patterns beyond the current capacity of the peoples and the natural resources of these countries. The local efforts to restructure the economies and to bring concordance between the internal resources and the value patterns of the people lay at the centre of the struggle. Further, declared policies to achieve control of their economies has stimulated reaction, which is at its greatest against measures directed towards more egalitarian distribution of wealth.

In the Caribbean can be found the widest spectrum of shades of political and economic organization, from traditional colonial status through to centrally planned government. Against this background there can be no doubting that the progressive emergence to independence of the West Indies Associated States will attract a stepping-up of political activity by some metropolitan countries. Negotiations around the accession to Statehood of the Netherlands Antilles, the Belize negotiations, the independence issue for Puerto Rico, the nascent independence movements in the French Departments, and the accomodation that the great powers are prepared to give such aspirations, cannot fail to be affected by the paths chosen by the newly independent States.

No great perception is required to see the emerging pattern of polarization, and efforts towards the creation in the Eastern Caribbean of a "show-window" to counterbalance the "Cuban influence". In this situation

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the Caribbean becomes merely the battleground, and the choices of the Caribbean peoples themselves become matters of secondary (perhaps even tertiary) importance.

It is beneath the trampling of the giants that the Caribbean peoples have to forge their path towards co-operation and co-ordination. The obstacles are enormous, for it has to be done in the face of a new phase of balkanization, where the external influences are emphasizing the differences between the countries and giving denial to the commonalities among the countries that make them as a group a unique entity.

It remains to be seen whether the acquired Caribbean ability for being politely courteous, while ignoring as far as possible imposed solutions and situations, will be strong enough to withstand the pressures, and give them sufficient elbow room to advance their cause of co-operation and the articulation of the Caribbean entity.

The socio-political scene

In large part most Caribbean countries are still enchained in relics of the social structure born of the plantation system, in which the symbols and the traits of some ethnic groups have been devaluated and primacy is given to European values. The developments in the last two decades have put much pressure on that structure, but in most of the countries the people seem to prefer to remain with the known evil rather than move to uncertain alternatives. The parboiled state of national identity will continue to be just this until adjustments are made in the societies in bold social and economic terms.

It seems hardly necessary to recount the long tale of exploitation for external interests that constitute the history of the Caribbean. The gradual decline in the plantation system left a society structured round rich families whose privileges were never questioned. They continued to profit from their investments ploughing little back into the economies - keeping the bulk of their cash abroad - and often eventually migrating to the metropolitan centres. With the pressure for egalitarianism under the awakeing of social and cultural consciousness, this pattern of movement has been more pronounced, to include even some who did not have the wealth but only the aspirations.

The legacy of colonialism clearly seen in the extreme maldistribution of land and wealth, represents a central problem which must be moderated if these economies are to survive. Alongside conspicuous wealth are some 80% of the common labourers who are unskilled, earning \$20 a week when they do get work.^{1/} Add to this the permanently under-employed and the unemployed, and what emerges is a socio-political situation that is a headache for a young nation. Wage differentials are probably among the most alarming in the world. Those with some profession or skill can receive as much as a hundred times more than the unskilled. It is in this setting that the Caribbean governments are faced with instituting programmes to absorb some of the unemployed labour force - but with inflation and recession, and few sources of revenue, such programmes will remain stymied for some time to come.

^{1/} This substantially understates the case in some of the islands.

Many minority groups are beginning to show a bold rejection of the old established mores, and consequently are seen as deviants from the old "inviolable" norms. They are in their way a barometer of social and economic pressures in the society, chiefly among the segment of the population which has long nurtured a feeling of having been wronged and deprived. The continuation of a state of economic want and social humiliation reinforce their "moral" position.

They are aware of their role as a movement for change.

The social and cultural schizophrenia where the foreign patterns and values stand side by side with the basic realities of life, accentuates the significance of such minority movements as instruments of social change. Consequently, the Caribbean societies are undergoing dramatic social changes, many indirectly brought about by the challenge of oppressed groups to the lifestyle that once existed.

For the first time in most of these economies there is a conscious indigenous attempt to grapple with the problems of the underprivileged majority in such things as land reform, education, housing, medical care and even equitable justice. It is unavoidable that such a process towards social transformation must harness the traditional grass-roots elements in its cultural milieu.^{2/} When sufficiently grounded the power of such groups to challenge the status quo often triggers a negative response from the privileged groups in the society. If there is over-reaction, the privileged groups will find they have created a climate of growth and acceptance for the movement from the depressed group.

As with all change there is dislocation, and in this chaos emerge the people who have always been denied a share in the wealth and who are determined to get a piece of the pie by any possible means. Within this framework "socialists" of many shades emerge, all offering their solution to redress the serious imbalances. But in the circumstances of the Caribbean countries anything short of breaking the control of transnationals and dislodging inherited prerequisites of the privileged will be merely a salve to a deep wound.

Therein lies the frustration. If there is an emerging Caribbean ideology it would have to be defined in terms that those who had the privilege of amassing wealth at the expense of the majority who are poor, must now see that a portion of this wealth is utilised in lifting the economic levels of the "have nots". The alternative if this is not achieved will be increasingly larger social conflicts.

It is useless to state that this kind of philosophy is not popular to the holders of substantial wealth. But present trends towards equity of opportunities need the support of the enlightened elite if the disagreeable situations that accompany all social change is to be minimised.

^{2/} It is a truism that great social developments are not always made in the halls or parliaments or in the citadels of learning. These institutions merely react to the dreams of the creative masses.

No simple answer is likely to emerge out of the textured complexities that characterize the Caribbean. But in examining the situation it will be usefull to dissolve the current image of sandy sunlit playpens for the affluent from the North Atlantic, and bring into sharp focus the predicament of resourceful but frustrated groups of people who are determined to break the protracted malady of poverty and an imposed self-doubt. So long as the underlying social and economic problems remain, so will the potencial for those frustrations to grow.

Up to now the activities of the developed nations in the Caribbean are directed towards maintaining the status quo. Their misreading of the internal situation, or their unconcern, can result only in plunging these small nations into deeper social and economic turmoil.

The Caribbean societies have a strong predisposition to a spirit of moderation in handling their political affairs. Closely associated with this is the strong pragmatism in the leadership of most political parties. Paralleled with this political practicality one finds that a distrust of ideas and ideology has been a dominant feature in some major wings of Caribbean politics. With this goes a corresponding preference for institutions which work, over and above those prescribed; and an almost exaggerated respect for the intuitive approach in national decision-taking. In short for many "theory must follow fact", and not vice-versa.

Should the forces for social change succeed and a "steady state" come into being where all the citizens are seen as equally meaningful to the future of the Caribbean States, then the repressed energies that go into "movements" could be loosed into creative channels. The central point for Caribbean peoples is to accept what they have, and to build their future with it. In the last analysis no one can do for the Caribbean except the Caribbean peoples themselves. Equally, the Caribbean peoples cannot indefinitely maintain values and consumption patterns that the resources of the countries cannot support.

External realities

It is not by accident that the Caribbean countries have arrived at a situation where there is marked disparity between their consumption patterns and their resources endowment. Their original emergence as plantation economies that were merely extensions of the economies of the related metropolitan countries, meant that focus was put on producing and exporting the goods that were required abroad, while the Caribbean was supplied from abroad for their consumption needs. There was no great emphasis on indigenous production for local consumption. And in the trade exchanges they have been continually in a disadvantaged position as the result of the relationship of the prices they get for their exports as against the prices they must pay for imports. In addition, the progressive changes in manufacturing and consumption patterns in the metropolitan countries nurtured imitative consumption in the Caribbean, and progressively widened the gap between consumption patterns and resources endowments.

One result, in sharp contrast to the countries of the Latin American continent, is that the Caribbean countries have been forced to give much greater primacy to trade matters, and to efforts to maintain specially favourable arrangements with metropolitan trading partners. Participation of most Caribbean countries in the Lomé Convention which regulated their

relations with the EEC is a case in point. In fact the traditional metropolitan linkages are reflected in this relationship.

But even more significant, the urgent need to emerge from beneath the feet of the giants and to be able as sovereign states to chart their own paths, has forced the Caribbean countries to seek independent support, mainly through the opportunities that are offered by multilateral relations. In the case of Lomé, they participate within the ACP group; and further afield they all seek some definite relationship with the Group of Non-aligned countries. Irrespective of political coloration, the Caribbean countries seek a self-determined path. There is no Caribbean country that has not at some time in its policy statements, declared its desire to be left aside from the political controversies of the large countries. Consequently, the concept of non-alignment has strong Caribbean support, and the majority of the countries participate either as members or as observers of that group.

This need is not felt so acutely by the countries on the Latin American continent, primarily because they have not been so cruelly exposed to the games that big countries play with little ones. It is no exaggeration to say that the Caribbean countries have achieved some measure of leadership in that Group, and that this external accordance will be a factor in the activities of the metropolitan countries in the Caribbean in early years of the Decade.

While it is true that already the Caribbean presents the greatest concentration of small independent states anywhere in the world, it is also true that they have been more exposed to the dominance of other countries than any other single group. In previous centuries they were prizes for which imperial powers fought. In this century they have been occupied and manipulated. Their small size and their political weakness compel them to seek alternative means to achieve some measures of effective self-determination.

On issues where they stand together as a bloc, they have been able to influence the outcome in international fora; and there is every reason to expect this to be more pronounced as the number of independent Caribbean states increase. But perhaps even more important than their number is the extent to which they span a range of cultures, giving them a facility to communicate with Europeans, Africans and Asians, and so make them a potent factor in those fora. The multiplicity of cultures that can be traced in the Caribbean, is at the same time a weakness and a strength.

It is notable that the matters on which their common external policies are focused have a direct relationship to their own experience. At the UN level, colonialism, apartheid, sovereignty over natural resources, special measures for developing countries, and changing the rules of the international economic game, are issues on which they share a common view and assign a high importance that derives from their own situation. It is also notable that it is in the financial institutions, (the World Bank and the International Monetary Fund) that they are at their weakest, with their voting strength dissipated over various groups, rather than acting together, largely due to old metropolitan linkages.

The urgent need to achieve some restructuring of their economies has stimulated participation in most of the multilateral mechanisms that deal in one way or another with development issues. The great necessity is to offset some of the old bilateral relations with more multilateral ones. Consequently, action through special mechanisms like the Caribbean Community, the Caribbean Development Bank and even the Caribbean Group for Cooperation

in Economic Development at the World Bank was hoped to be means of placing some buffers between the donors and the Caribbean countries. The fact, however, is that this strategy has not markedly succeeded, because the bilateral relations continue to be imposed even through the fabric of these groupings.

The more ambitious objectives for closer relationships among the Caribbean countries themselves, whether bilateral or multilateral, through such mechanisms as the Caribbean Development and Co-operation Committee within the UN umbrella, is therefore in direct confrontation with the desires of the metropolitan countries. And ironically, in their efforts to manipulate the Caribbean countries they, perhaps unknowingly, arrest the process of change and stimulate the process of social and economic erosion.

At the level of Latin American regional institutions much attention has been drawn to their "Caribbeanization" as the number of small independent Caribbean States has increased, giving them relatively greater voting strength. But this very factor has stimulated the counter-reaction to keep them apart and to minimize their effect on the traditional policies. A common situation is that Caribbean countries find themselves categorized even before they have stated their choice of option; and often after the choice is stated it is circumvented. Further, these countries find that they have inherited some external problems of metropolitan countries for which they must find solutions to ensure their own integrity. Within the OAS for example, arise issues of claims to territorial rights, which were inherited at independence, and which in one case acts as a limit on participation in the institution, in another case is the cause of delay of independence.

From the economic standpoint, the Caribbean countries suffer some disabilities which do not appear to have been fully perceived by various institutions, for which one example may suffice. These countries have traditional production structures which were based on a narrow range of products, and which have changed little despite efforts to diversify and modernize the economies and to develop manufactures. These processes, however, depend very much on imported inputs. The maintenance even of the levels of manufacturing depends in large part on export earnings from primary products. Deterioration in the terms of trade therefore directly reduces the capacity for production.

Aside from such structural problems there are current ones for which the Caribbean countries have no near solutions. Described as open economies, their condition from year to year is determined as much by events abroad as by the efforts of their own peoples. International monetary disequilibrium, inflation, recession are all directly reflected in the current performance of these countries, for there are no cushions against those external factors. The impact of fuel prices has been so enormous that many Caribbean countries now find as much as one-third of their earnings from exports disbursed on this single item. This immediately restricts the amount that is left from purchase of inputs for the production sectors and for food imports.

The net result is that they face serious balance-of-payments problems, which in the circumstances cannot be regarded as temporary. In fact the panorama for the decade is one of serious balance-of-payments deficits, worsening with every increase in fuel prices. It is in this context that one must view the efforts to seek amelioration of the situation by obtaining financing for balance-of-payments support through international arrangements like the CGCED and the IMF. And yet it is in just such areas that the clash between traditional orthodoxy and dynamic change seems to lack a suitable resolution.

But these various aspects cannot be viewed in isolation from the interests of the metropolitan countries. It should not be forgotten that the Caribbean continues to be an important source of primary products for the North Atlantic countries, particularly in minerals. Neither should it be forgotten that foreign militarists continue to view the Caribbean as a strategic area for their own purposes and designs.

All these complexities put the Caribbean countries in the unenviable position, that the internal forces for change confront external pressures resistant to change, and face them with the grave dilemma of sustaining a system that they can ill afford. Fundamental social transformation and improving the quality of life for the majority of Caribbean people is the issue for the 80's. And the margin the Caribbean governments have for manoeuvre is extremely slim - very slim - indeed.

Summing up

Nothing can be gained by ignoring the realities that have been summarized in these pages. Internally all the countries will have to cope with the dynamics of social change. Their efforts to reorient patterns within their economies will have to be achieved in the face of structural deficiencies, persistent payments problems, international economic conditions which affect them and which they cannot influence, reactions to social and economic change, and external pressures that limit their possibilities for co-operation.

The outcome will depend on the extent to which the priorities of the Caribbean peoples themselves can be pursued.

TOWARDS FUTURE DEVELOPMENT DECADES
IN THE CARIBBEAN AND LATIN AMERICA 1/

Max B. Ifill ★/

The main themes running through UN development policy over the past two decades are growth and an integrated approach. The first of these conceived development in terms of an end. If desirable rates of GDP growth and capital formation were attained, then development achievements were satisfactory. There was debate about the strategy to be adopted in order to achieve these ends. Should the approach be balanced, aimed at synchronizing changes of all sectors or should it be unbalanced, where it was assumed that heavy injection of capital in one sector would act as a catalyst and generate overall growth? But over and above the method to be adopted was the goal of maximum growth levels.

The second theme in the development debate did not put less emphasis on economic goals but recognized that there were other criteria important to human welfare which should be considered in the development process and also that there was a spatial dimension which should not be ignored in the development effort. The approach, therefore, was to be an integrated one giving weight to social, spatial and environmental disciplines. The vehicle for achieving an integrated approach to growth was multi-disciplinary teams which included expertise over a much wider field of human endeavour than the economic. But possibly, because of the rapid rate of technological change and the growth of transnational enterprises, the drive towards high growth rates continued unabated, though now there was concern about social and environmental consequences. Towards the end of the second development decade, there is now rising dissent about growth as the end purpose of economic activity and growing concern about distribution, rather than accumulation of wealth.

Developing countries driven by an urgency to catch up with the so-called developed world, have for the past quarter of a century regarded planning as an indispensable tool for rapid economic and political achievement. Within the Caribbean, the setting of growth targets and the preparation of medium, short-term and project plans in order to achieve these targets, have been dominant activities of public sector economists. In recent times, however, there has been disenchantment with plan preparation exercises because of inability of Governments to create and expanding labour market for increasing supplies of labour. Furthermore, development experience within the Caribbean, with the notable exception of Cuba, has resulted in increasing polarities in the distribution of wealth. The rich have got richer, the poorer and high levels of

1/ This note focuses on the Caribbean because of the author's greater familiarity with that area.

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inflation have severely undermined the real living standards of middle income groups. A review of recent Caribbean history shows certain economic characteristics:

1. While development plans were prepared with some regularity and with much political and intellectual fervour, no planning mechanisms were developed, so that in fact, Governments lacked the capacity to implement plans;
2. Plan preparation exercises were carried out by Governments on behalf of, but not with the people. The approach has been from the top down, with no attempt to involve the masses in dialogue, in plan preparation, or plan execution;
3. The spread of educational facilities, increasing levels of educational attainment, and unchecked aspirations towards consumerism, have all raised, in the young, job aspirations and socio-economic and class ambitions which these societies, structured as they are, cannot meet. As a result, there has been increasing disenchantment with the type of social change which has occurred in the region, and increasing alienation of youth from the growth process which they have witnessed;
4. Development paths chosen by Governments have made Caribbean economies more dependent on traditional metropolitan capitalist trading partners for raw materials and semi-processed goods for their manufacturing and industrial enterprises; and
5. The inability of Caribbean Governments to develop their agricultural sectors to meet current demands for food, and raw materials for agro-industrial enterprises, has made the region more heavily dependent on food supplies from developed industrial economies.

The task facing the Caribbean for the remainder of this century is a formidable one. Surely, past experience has demonstrated that increasing capital accumulation and high growth rates do not ensure social peace and stability. The price of further alienation of the populace is high, for current stress could, in due course of time, lead to open organized violence against individuals as well as groups. There is urgent need for crystallization of our thinking to make meaningful the twin concept of participation and planning.

The main thoughts behind this twin concept are:

1. Caribbean society has, on the basis of its historical antecedents, to establish meaningful goals aimed at improving life chances and the quality of life of all its citizens, particularly those who form the mass and whose ancestors, by their labour, laid the foundations which present generations enjoy;
2. Since these goals are concerned with the human condition, then people at all levels - socio-economic, cultural, residential, occupational - must participate in their formulation through group activity;
3. Participation is seen as both a thinking and a doing process, and its effectiveness will depend, in essence, on the extent to which Caribbean societies can decentralize their governing and political institutions. Current tendencies towards centralization of power in the hands of political and economic elites can only brook ill for the future;

4. Participation in implementation is important in order to overcome waste in human resources resulting from current approaches towards development. For where the people are involved in thinking and formulating processes they will tend to choose technologies which will be complementary rather than substitute to their effort. This is the path to full employment;

5. Planning is an indispensable tool for attaining goals. But the plan process must provide for people participation in the preparatory process. A national plan must be a synthesis of regional and geo-political interests together with economic human involvement in development of resource potential;

6. The individual states in the Caribbean are small so that the level of development which they can achieve will depend on the extent to which they can work jointly towards regional goals. The principle of participation of the individual citizen in the development process of any one territory must, therefore, be extended to define the relationships between the individual states. They all have to play a part in improving human conditions within the region, and in order to do this effectively they must continue, whatever the hurdles, to plan regional courses of action. The twin goals of participation and planning should, therefore, be for the third development decade, centre-pieces for both individual Governments in the Caribbean as well as all Governments acting in concert with one another;

7. But Caribbean nations are only part of that broad continuum of states aspiring towards rapid socio-economic change. In the interest of the world community, they can both teach and learn by joint action with other states interested in adopting similar means towards common goals. CEPAL as the organ of regional consensus for the Caribbean and Latin America should therefore, establish close links with ECA, its counterpart for African states, where planning and mass participation are also keys for future development; and

8. As a means towards focusing on the dominant themes of participation and planning towards the year 2 000, CEPAL-ECA should examine the possibilities of holding quinquennial sessions at either or both expert and ministerial levels to examine and plan progress towards these twin objectives.

PLANNING FOR INDIGENOUS TECHNOLOGICAL DEVELOPMENT AND THE DECADENCE OF THE INDUSTRIAL PROPERTY SYSTEM IN THE CARIBBEAN

Frank Long ★/

Introduction

Most Caribbean economies have as their development objectives the reduction of technological dependency and at the same time the development of indigenous technological capabilities. These are hardly contained in any consistent plan but remain objectives none the same. This brief exposition advances the case that the existing industrial property system in the region tends to militate these two fold objectives, in particular the latter.

The Problem

The Caribbean is a technological periphery. It obtains the bulk of the technology it uses from developed economies in Europe and North America. This is so because it lacks the capacity to generate a significant degree of its internal technological requirements. Technology is often treated as autonomous in standard economic text books. However, on the contrary, this state of affairs is not autonomously determined, but is part and parcel of the world division of labour as it affects technology. That is to say, it is induced by structural forces. This world division of labour in turn has been determined by political economy considerations inherent in colonial and post colonial relationships. Under these relationships, the Caribbean economies very much like their developing country counterparts elsewhere specialized mainly in raw materials i.e. sugar and later mining (e.g. Guyana and Jamaica) for export to metropolitan markets. The technological requirements for these activities were supplied largely from overseas.

Within the context of a New International Economic Order (NIEO), attempts are now being made by developing countries such as the Caribbean, for a more meaningful role in the international division of labour of technology: namely the development of technology indigenous to such economies.

Mechanisms for Technology Transfer

Technology is transferred to the Caribbean mainly in the following mechanisms:

- (1) Foreign direct investment
- (2) Patents, trademarks and licensing arrangements
- (3) Imports of goods and services (embodied technology)
- (4) Technical assistance arrangements.

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In order to properly focus on the accelerated demands by Caribbean economies for a New Technological Division of Labour ^{1/} within the context NIEO, it is necessary to look at some of the central problems affecting technology transfer to developing countries. They are:

- Unduly high prices for technology, as a result of elements of monopoly power which characterise the world technology market. More often than not, this market tends to be dominated by transnational corporations.

- Other unfair terms and conditions arising from the nature of the technology market cited above. For example, the use of restrictive clauses which inhibit the use of competing technology both locally and from alternative overseas sources, is often common. Such practices are often a means through which transnationals are able to reap monopoly profits by consolidating market power.^{2/}

- Limited research and development is encouraged in Caribbean economies. R. & D. is critical for developing the region technologically and for making foreign technology appropriate to the region's needs e.g., by adaptation of imported technology to say the scale requirements of the Caribbean.

- Inappropriateness of technology from both the factor proportions point of view and basic needs. For example, such technology often tends to be capital intensive, meaning that labour is used with less intensity than capital. For economies with heavy unemployment rates such as the Caribbean, this has major welfare implications. Also, since the imported technology tends to cater for the needs of the affluent income groups, it means that social needs of the society are often ignored. This results in a divergence in terms of satisfying basic needs. Finally, capital intensive technology has direct implications for the distribution of income. It means that the share of income going to owners of capital tends to be greater than those going to workers.

- Further, balance of payments problems tend to arise because of 'tie in clauses' found in technology transfer arrangements, discussed earlier. It means that import propensities are strengthened because of the technological package. This, in turn, helps to reinforce the degree of technological dependency and under-development within a particular economy. And given the over-riding importance of technology to economic activity, this correspondingly deepens the structure of economic dependency. For example, indigenous raw material use, equipment, consultancy services, etc. suffer since this potential is hardly activated given the "law of motion" of foreign technology suppliers. Thus, Caribbean economies are locked into Nurkse type vicious circle dilemma. Technology dependency breeds further dependency which breeds indigenous technological under-development.^{3/}

^{1/} The New International Economic Order, however, does not confine itself to technology. It also deals with general development issues.

^{2/} See F. Long, Restrictive Business Practices, Transnational Corporations and Development (Boston: Nijhoff 1981) for a general review.

^{3/} Nurkse however, was mainly concerned with the question of savings and investment.

- In the above circumstances, the need for indigenous technological development can be seen, not only as a vehicle for reducing problems associated with technological dependency, but also as a vehicle for technological and general economic transformation of Caribbean economies. With this background it is necessary to look at the industrial property system within the context of the Caribbean.

The Industrial Property System - Aspects of Patents and Trademarks

In developed countries, the patent system tends to play an important role in stimulating invention. "In exchange for public disclosure of the full informational content of an invention, which gives the interested public the possibility of further improving it or selling substitutes, the State, through patent law, confers on the patent owner certain exclusive rights for a limited period".^{4/} Essentially, these certain rights of excluding others from making, using and selling the patented product, technique or process in a given legal environment where the patent has been issued.^{5/} Trademarks are similar to patents in many respects, except that they have permanent life. The underlying welfare premise behind legal protection of patents and trademarks, is that welfare in society is improved as a result of the "fruits" of innovative activity. However, evidence from the Caribbean as we will see, raises doubts about assumed welfare gains.

Available data on patents and trademarks in the Caribbean, seem to reveal the following:

- (1) High percentage of foreign patents and trademarks.
- (2) Peripheral involvement of the Caribbean in patent and trademarks activity.
- (3) Legal considerations which ignore the development problematic arising from the political economy of patents and trademarks.

We take each of these in turn.

In terms of trademarks, a CARICOM study found the following: in Jamaica foreign ownership was 85%; in Antigua it was 96%; St. Lucia 97%; Barbados 89%; Guyana some 90%.^{6/} In terms of patents, the Caribbean economy is basically dominated from outside. The situation in Guyana where some 90% of patents are foreign is probably representative of the entire Caribbean in terms of the principle (though not necessarily the extent)^{7/} of dependency. Scant evidence seems to suggest that transnational corporations are actively involved in patents and trademarks activity recorded. This is not surprising, given the fact that such corporations have historically played an active role in economic activity in the Caribbean. If this is so, one therefore has reason to suspect that patents and trademarks are no exception. On the other hand, precise data are lacking. Further research is necessary to provide this.

^{4/} See Guidelines for Evaluation of Technology Transfer Agreement, UNIDO, 1979.

^{5/} Ibid.

^{6/} See "A Background paper on Trademarks", CARICOM Secretariat, 1977; for Guyana, data obtained from the Technology Policy Unit.

^{7/} Data obtained from Technology Policy Unit and findings of CARICOM surveys.

From the above data, it is clear that an unequal division of labour in terms of patents and trademarks, characterises Caribbean economies. For example, the region participates only a minor extent in technology generated via these two mechanisms. Some factors which account for this are:

- (1) The shortage of innovators among a numerically insignificant entrepreneurial class to be found in the region.
- (2) Shortage of Research and Development facilities geared to production problems of the region.
- (3) Lack of adequate public support systems for innovative activity e.g. subsidies and incentives.
- (4) Low levels of technical education geared to innovative activity.
- (5) Lack of public awareness as to the potential benefits of patents and trademarks. When such an awareness exists, this is sometimes associated with a lack of confidence in officials concerned with the administration of patents and trademarks. Namely, fear that innovations will not be protected by the Law.

However, it would seem that an over-riding consideration is probably the dominance in the patent and trademarks markets in the Caribbean by the external economy. For instance, one argument inducing this state of affairs concerns institutionalized support by the colonial system which tended to favour overseas patents and trademarks. At a wider societal level, this system sought (through advertising, media, control of distribution channels, credit facilities and the like) to support overseas products and processes and to neglect local ones, which were regarded as technically and qualitatively inferior. Further, the division of labour in the Caribbean, as we already saw, was not geared to innovative activity as such, but mainly specialization in the production of raw materials and not technological mastery associated therewith. In other words, a technological culture was not actively promoted. The mechanisms at work are well elaborated in various historical works into the study of under-development, and need no repetition here. Suffice to state that up to the present time, governments in the Caribbean still face major problems in attempting to eliminate the psychological and other factors affecting favourable attitudinal responses (i.e. taste patterns) for products emanating from the region. A similar problem faces the region, in terms of providing an adequate institutional framework for indigenous technological activity from the supply side.

Next to legal considerations. Légal inquiry into patents and trademarks is of fairly recent origin. However, a recent survey of trademarks legislation in the Caribbean has shown that the existing legislation is based mainly on the 1875 and 1938 Trade Marks Act of the U.K.^{8/} Legislation based on the latter Act was found in Trinidad, Jamaica and Barbados. In others such as Antigua, Dominica, Montserrat, St. Lucia, St. Kitts-Nevis-Anguilla legislation is patterned after the 1875 Trade Marks Act as amended by the 1888 and 1905 Acts. Others, such as Grenada, St. Vincent and Belize were found to have no provisions for the local registration of trademarks. "These territories have legislation primarily only for re-registration of U.K. trademarks".^{9/}

^{8/} "A Background Paper on Trade Marks" ... op.cit.

^{9/} Ibid.

In the case of patents, a similar legal pattern is common. For examples, in a survey of Patent Legislation in the Caribbean, it was found that ten of twelve member states of the Caribbean Community have their legislation patterned after the British Imperial Patent Conference of 1922 which was adopted by most of Britain's colonies.^{10/} This remains so in spite of periodic modification to the Patent Laws of most of the Caribbean economies. This, for all practical purposes, it seems fair to conclude that the existing patent and trademarks laws found in the Caribbean have been fashioned after the colonial legal system.

Further Remarks

Some of the problems brought about by the legal arrangements for technology transfer through patent and trademarks in the Caribbean, are the following:

(1) The use of restrictive business practices limiting the development of indigenous technology in the Caribbean. Such practices have been found to adversely affect development process in developing countries.^{11/} This is confirmed by partial evidence of licensing arrangements including patents and trademarks in Guyana and Trinidad.^{12/} But Patents and Trade Marks legislation are not effectively geared to eliminating the widespread use of such practices.

(2) None encouragement of indigenous technology via patents and trademarks. In other words, the Laws are not geared to satisfying the development goals of most of the Caribbean in this respect.

(3) Because trademarks are sometimes associated with excessive pricing patterns, in fact to reflect quasi monopoly rents as a result of product differentiation, consumers in the Caribbean tend to face an excessive pricing structure for goods using such trademarks.^{13/} As a consequence, the potential generic benefits of products to society are not derived and real incomes tend to be depressed as a result of high mark ups.

(4) From the point of view of stimulating indigenous economic activity trade marks are a means through which market penetration by foreign firms is brought about. Thus, it has been contended that misallocation of resources in favour of subsidiaries of transnational corporations and local licensees have led to a bigger share in the domestic market and to an increase of remittances abroad, affecting balances of payments.^{14/} The same applies to patents because they can be used to eliminate potential technological competition via the use of restrictive business practices already mentioned, in a different context.

^{10/} See The Patent Legislation of the CARICOM States, mimeo Caribbean Community Secretariat.

^{11/} See F. Long, Restrictive Business Practices ... op.cit.

^{12/} See M. Odle, Commercialization of Technology and Defence, Caribbean Technology Policy Studies Projects, 1977.

^{13/} See, The Impact of Trademarks on the Development Process of Developing Countries, UNCTAD 1978.

^{14/} Ibid.

(5) Finally, patent and trademarks systems are not tailored to ensure that the technology transferred via these mechanisms are appropriate to the socio-economic conditions of the Caribbean e.g. prices, conditions of licensing, factor mix possibilities, complementary local inputs. Presently too, no system exists in the case of patents for publicizing patents when the time period lapses. This can enable indigenous technologists to benefit from public knowledge and can assist in avoiding the mistake of seeking to acquire obsolete technology from patents by way of illustration. Proper patent screening can also assist in reducing inappropriateness of technology associated therewith.

Conclusion

Given the above, it is clear that the patent and trademarks system in the Caribbean needs radical modification if the Caribbean is to transform itself technologically and to benefit from the fruits of technological change associated therewith. Thus, within the context of development policy and plans, legal change, appears to be a matter of urgent priority, in the Caribbean, to change its existing low level technological status. It remains true, however, that legal considerations must be supported by policy action at other levels so that greatest development impact can be made.

Finally, much innovation activity in the Caribbean takes place at the informal level i.e. outside the formal patent and trademarks system. Modification of the industrial property system should be made to incorporate the informal sector into the formal mainstream of innovative activity. In this way too, it can act as a spur to greater indigenous technological activity by offering legal protection and incentive to the indigenous sector. With appropriate institutional support mechanisms such as subsidies, grants, engineering support and design, market surveys, etc. a modified industrial property system can then be a positive factor in Caribbean development.

PROJECT PLANNING AND MACRO PLANNING

Hugh Latimer ★/

Despite setbacks, such as the public reaction to the high cost of the apparently wasted Third London Airport Study, protagonists of project evaluation and social cost-benefit analysis have advanced steadily in self-confidence and ambition in the past 15 years, while macro-planners, whose disciplines are still dominant in the teaching of planning, have been on the defensive. For evidence on this one need only compare the qualifications entered by the joint authors of the first popular survey of the state of the art, Professor Prest and Mr. Turvey, in 1965, with the assurance with which the World Bank manual of 1975 (Squire and van der Tak 1975) lays down means whereby governments of sovereign states shall derive interpersonal and inter-temporal preference functions. Not only has the art advanced beyond the single criterion of economic growth per caput to include also income distribution objectives (notably in Little and Mirrlees 1974; UNIDO 1972 and Squire and van der Tak 1975) but it is now taken for granted that choices are possible and desirable between projects in different sectors by means of common weights and a common test rate of social profitability. In sectors where benefits are difficult to measure, cost saving can be taken as benefit, and this in theory enables a government to decide, for instance, that an investment in a by-pass or in a health facility is a more efficient use of resources than a particular investment in a directly productive industry.^{1/} That cost benefit analysis is apparently applied more in developing than in developed countries derives from the greater state involvement in the economy in developing countries, the influence of the World Bank and other lenders, and the theoretically greater distortion of domestic prices in a world free from the GATT.

Cost-benefit analysis is, however, still at a halfway house. Let us extrapolate the trend a few years and suppose that it has advanced in the following directions:

- It has advanced beyond the stage of partial analysis to take into account all first round and systems effects,^{2/} as well as secondary effects in conditions in which these are appropriate (mainly in regional analysis and in countries where alternative projects to that analysed are not available for any reason);

★/ IDS Bulletin, Special Issue by the Project Planning Centre University of Bradford, August 1978, volume 10, number 1.

1/ Though the values to be placed on this benefit, as also in the stream of income method derive eventually from the world traded values of directly productive output.

2/ This is correct project appraisal procedure, but too often the net cash flow from an investment is taken without accounting for any loss of sales occasioned to other producers, correct only under conditions of perfect competition and marginal substitutability of factors. An attempt to systematise, the more realistic approach is made by Prou and Chervel, 1970.

- It has systematically taken account of the alternate opportunities for all factors offered by international trade;

- It has incorporated in the objective functions not only growth and income distribution objectives, but the whole range of other 'merit wants' found, for example, in a list of objectives of spatial planners;

- A working system of project appraisal and control operates at the centre of economic government.

Nearly all these conditions are already within reach of fulfilment. Systems project analysis is common in large state-owned enterprises such as the electricity and steel systems of Britain and France; a host of research workers are engaged on deriving accounting prices and conversion factors at traded prices in various countries; the methodology of taking into account other objectives has been outlined, notably by Marglin (1967), and remains only to be put into practice; many countries have in embryo or youthful form what Little and Mirrlees describe as a COPE (Central Office of Project Evaluation) (Little and Mirrlees 1974-88). 'Impact studies' of small or regional economies, notably in the field of tourism, are throwing much more light on secondary costs and benefits (see for example Archer 1973). True, overall models of economics in the transportation field have tended to combine poor predictive performance and excessive cost.^{3/} But for the purpose of the argument of this paper it is not necessary to assume that project analysis will necessarily become more refined, nor even more accurate, merely that it will become more generally accepted and will broaden its scope.

If this is so, it is reasonable to predict that project preparation, appraisal and implementation procedures will take over much of the ground at present occupied by medium-term comprehensive planning. This happens already whenever--and that is frequently--the Plan is temporarily in abeyance, because of a change in government, an economic crisis, the obsolescence of the previous Plan or the failure of a new Plan to be prepared in time.

Many central planners of project appraisal have only hazy ideas of the technique and make simple errors; some consider the simple accounting procedures needed below their intellectual dignity and have been guilty of wasting their country's resources through negligence. Indeed, in one perspective the two decades spent chasing the chimera of comprehensive state planning have been a waste of scarce resources of trained manpower; more real development would probably have ensued if the hours of study spent building inoperative five year plans had been spent instead on managerial or financial control. The growing disillusion with macro-economic medium-term planning has been documented fully enough elsewhere (see Caiden and Wildavsky 1974; Waterston 1965; Faber and Seers 1972; Killick 1976; Latimer 1977). However, if project planning is increasingly to take the place of macro-planning it is useful to catalogue the reasons why the latter failed in order that similar errors may not be repeated:

- Plans were made with projects that were not fully prepared, some of them at such a preliminary stage of investigation that there was no hope that they could ever be commenced, let alone implemented, within the time-scale envisaged (Waterston 1965, ch. 14);

^{3/} For instance the 'Harvard model' bought by IBRD and applied to Columbia.

- After the initial publication, perhaps, there was not enough political support to ensure that the Plan was adhered to. Planning became a separate and increasingly disregarded branch of government, only one among many departments competing for a hearing (Leys 1972);

- Political disturbances dominated decision-making. A new government refused to take responsibility for the plans of the old, and introduced a new programme (Waterston 1969);

- The Military took over and ignored procedure;

- An economic crisis (such as the five-fold increase in oil prices and the depression which ensued), made nonsense of the economic predictions on which planning depended;

- The planner have been poor communicators. In particular they have failed to work with the sectoral ministries who have to carry out the projects;

- In a mixed economy, the private sector behaved differently than predicted;

- Data on which the plan was based became out of date;

- There was no machinery for marrying the Plan and the budget (Caiden and Wildavsky 1974).

Most of these criticisms derived from a simple time-lag between the preparation of the Plan and the decision date for action. The commonsense conclusion, that the Plan must be made subject to total revision every year, has been accepted by only a few governments (notably that of France) but by every commercial concern that operates medium-term planning. A recent survey remarked, as a criticism, that in France the objectives of a five year plan were rarely the same at the end of five years as at the beginning (Streeten 1976). Yet nothing could be more unreasonable than to suppose that during a period of three, five or seven years, the balance of payments constraints, business cycle, market opportunities, and above all political objectives, would remain unchanged. A Plan system based on project evaluation, therefore, must be above all adaptable.

Discipline however there must be, if ministers and generals are not simply to do as they please with the country's resources. The prime discipline must be that of the Budget. Subservient to the planned availability of funds in a given period, the project evaluation procedure must insist that nothing enters the budget without prior acceptance by the organs of government designated for that purpose. Discipline has to be no less strict, but more workable, than that of the macro-planners. Under the old system it was hoped that nothing would enter the budget which was not in the Plan; in a project planning system, that nothing should enter which had not been judged to add more to the nation's resources than it takes away from them.

Problems of communication with ministries and the private sector remain, and indeed, could become worse. A ministry which has seen its pet projects rejected or reduced will thereafter have a vested interest in the Plan's breakdown; but if the system is one of rolling planning it can revise the project and present it again: the cause for hostility is thus reduced. On the other hand, a COPE may be seen as an organ of delay

and interference; the need to avoid this charge requires special attention to monitor progress through government so that delay is minimised. Understanding with sectoral ministries can be helped if the COPE has sufficient manpower to assist sectoral ministries in preparing difficult projects for submission.

Even when a rolling plan system is established in a profit maximising corporation, the powers of inertia tend to calcify the projects and strategies unless special care is taken to prevent this.^{4/} Such a system needs to have adaptability written into it:

1. Every year, before the budget exercise, the COPE needs to have thoroughly evaluated and approved the projects for which first expenditures are to commence in the following budget year. Naturally the more important projects go to a committee of the Cabinet for final approval; responsibility for projects below a certain expenditure limit can be delegated to subordinate (provincial) or independent (parastatal) bodies. To prevent a logjam of work it is desirable that sessions be held throughout the year, e.g. quarterly.
2. In the same period, all projects due to commence in the succeeding years of the rolling plan and all expenditures already committed from previous years, must be properly re-appraised for possible savings, alternatives, cost escalation and above all, economic viability. In a five year rolling plan, new projects and expenditures proposed for first expenditures in the final year must be appraised for the first time. The improvement of the data base for appraisal is continuous as the projects approach their year of commencement.
3. National objectives by which projects are judged must be redefined annually. Formally they are unlikely to change, but the weights which governments attach to particular subsidiary objectives--income redistribution to the poor or to a restive region, economic self-sufficiency, foreign exchange earning, etc.--will certainly change from year to year. Since politicians are not accustomed to expressing these weights quantitatively, a qualitative 'State of the Nation' statement must do instead, reinforced by interpretative circulars from the centre about changing emphases in government policy.
4. The economists meanwhile will have worked on updating the objectively determined shadow prices like the shadow wage rates for different classes of labour, foreign exchange premier, accounting prices and conversion factors test rates of discount and so on. Since these will, realistically, fluctuate with the trade cycle and the balance of payments, less time and economic skill need be invested in their calculation than academic economists are wont to think. As Tinbergen said about accounting prices generally (Tinbergen, 1958:40) the test rate of discount, if it produces too many projects, can always be adjusted upwards.
5. In the meantime, a quite different type of exercise needs to be conducted among the sectoral and regional ministries whose task it is to feed the planners with projects and whose participation must be assured, since they will implement the projects. Each sector or region is encouraged to draw up its own perspective plan, on optimistic and pessimistic assumptions, complete with projects, programmes, alternatives and policy proposals. It is usual to assign dates in such a plan, but a system of trigger-point planning, such as is used in airport planning, is really more useful in the context of the adaptable mechanism here proposed. Realism demands a) that each ministry

^{4/} In principle, British Airways' planners present a completely new Five Year Plan every year.

maintains a more sanguine attitude to growth than is likely to be justified by the (public) funds available. This is necessary if the COPE is to have the required shelf of projects from which the best can be chosen for internal or external finance; b) that to prevent dissatisfaction, their representatives take part in the budget allocation discussions. It follows that sectoral perspective plans, taken as a whole, will not be internally consistent with forecasts for macroeconomic identities such as domestic savings. Insofar as they are also inconsistent with one another, this will give early warning of likely conflict over resource use, e.g. of land or foreign exchange.

6. Is there then no use for the internally consistent well-balanced growth models and the skills of the modellers? Yes indeed, for financial planning still requires them, and particularly the forward planning of the aid-givers. For them, after all, fixed term planning was in large part established. It has to be clear, however, that these models represent no more than the best forward estimate of financial requirements and of the economic growth which is expected to result. These too need to be periodically updated.

7. Another element of the fixed year plans, though it always sat there uneasily, is the series of programmes to achieve particular objectives, like housing or localisation or rural revival. A 'programme' is here defined as a series of interrelated projects not yet identified, but expected to be identified later, perhaps by some junior official like a development bank's loans officer. These programmes can best be dealt within a medium-term context.

8. A final purpose of medium-term planning was that of communicating to the people that its government, while recognising their lack of jam today, was aware of the need for jam and had laid plans to provide it tomorrow. Popular cynism about planning has made this less effective a message than once it was, but the need for a message continues. Public relations specialists in developing countries might look a fresh at the effectiveness of the planning medium as a means of communication and ask themselves whether the new approach suggested here does not give them a better vehicle. Governments after all should be seen to plan every year and not only every quinquennium.

The model proposed above is hardly revolutionary. Paragraph 1 is in operation, more or less, in Pakistan, and 2 in France. Many countries, for instance those in East Africa, have made use of an annual economic survey or a pre-budget statement from the finance ministry on the Annual Capital Plan (paragraph 3). Bangladesh reviews all its shadow prices biennially (paragraph 4). Many countries have regional and sectoral perspective plans (5) in the Seychelles the author found that the permanent civil servants, the class which professional planners found most recalcitrant in the early years of planning, were generally eager to present their own long-term sectoral aims in this form. Paragraphs (6), (7) and (8) are elements in the old model of the Plan, the updating of financial requirements being a responsibility of aid consortia. Only periodic updating of project shadow prices and weights is hardly established yet. But as will be seen elsewhere in this issue, a beginning is being made.



QUANTITATIVE ANALYSIS OF THE IMPLEMENTATION OF ECONOMIC PLANS IN LATIN AMERICA ^{1/}

Héctor Correa *

1. INTRODUCTION

The idea that the characteristics of an economic planning process influence the degree of implementation of the plan's targets has a strong intuitive appeal. The principal object of this paper is the statistical analysis of this idea. For this purpose, it will be elaborated as follows:

- a) An index of the degree of implementation of economic plans is elaborated in Section 2; and
- b) The characteristics of a planning process are subdivided into four classes:
 - 1) Characteristics of the institutions charged with the preparation of the plans;
 - 2) Characteristics of the process of preparation of the plans;
 - 3) Content of the plans prepared; and
 - 4) Control of the Plan implementation by the institutions charged with the preparation of the plans.

In order to specify more precisely the ideas in b) several variables are defined within each of the four categories mentioned. The basis for the definition of these variables is that they are intuitively acceptable, and easily measurable. Each of the four categories into which the characteristics of the planning process have been divided, as well as the variables included in each of them, will be described in Section 3.

For the statistical analysis, data for 17 Latin American countries, and referring to the period between 1960 and 1970, were used. The sources and characteristics of these data are presented in Section 4, and their analysis in Section 5.

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From the previous description it is clear that a theoretical frame is missing. Such a frame would provide a justification for the choice of variables used to represent the components of the ideas in b), and should specify, prior to any statistical analysis, the expected characteristics of the relationships among these variables. However, a brief literature search failed to provide this information. As a consequence, this paper can be considered an initial step in the direction of developing such a theoretical frame.

Despite the lack of a well-defined theoretical frame, it cannot be said that there is a scarcity of hypotheses with respect to the characteristics that the different aspects of the planning processes should have in order to improve the likelihood that their targets will be implemented. These hypotheses are used, usually without testing, as the basis for the actual organization of planning institutions, and as guidelines for their operation. As a summary of these hypotheses it can be said that it is assumed that the higher in the government hierarchy that the planning organisms are located, the more pervasive their activities; the more detailed the analytic methods used in the preparation of the plans; and finally, the more control that the organizations in charge of preparing the plans have of their implementation, the more likely that the targets of the plans will be implemented. Despite that some of the hypotheses just mentioned are likely to have been among those that inspired the organization of the planning processes in the countries to be studied, the extent of their utilization is not the same everywhere. As a consequence, the different characteristics of the planning processes in the different countries provide an opportunity to test whether those hypotheses are supported by the information available. The results to be presented can be interpreted as the performance of such tests.

2. INDEX OF IMPLEMENTATION OF ECONOMIC PLANS

The index of the degree of achievement of the targets of economic plans is computed on the basis of the method described in reference (1). For this reason, only a summary presentation of it will be made here.

The degree of success of a planning process is defined as the similarity between intended consequences and actual achievements in economic planning. In order to evaluate that similarity, the following formula is used:

$$(1) \quad I = (A - P)^2 / P$$

where

I denotes the value of the index of the success of the planning process.

A denotes the achieved rates of growth of GNP in %.

P denotes the planned rates of growth of GNP in %.

(The basis formula is multiplied by 10^6 to avoid decimals).

According to the formula above, the degree of implementation of economic plans is measured by the mean square of the deviation of the achieved minus the planned rate of growth, expressed as a proportion of the planned rate of growth. It should be observed that the value of the index above increases while the degree of plan implementation decreases. A zero value means perfect achievement of the planned rates of growth, while large values denote lack of implementation.

The values of the planned rates of growth needed to compute the value of *I* presented in Table 1 were obtained from planned targets for GNP specified in 27 socio-economic development plans for the 17 countries studied covering the period between 1960 and 1970. These 27 plans include practically all the plans prepared for these countries. The values of the achieved rates of growth were obtained from statistical publications of various international organizations.

For reasons to be explained later, in cases where a country had several plans for the period between 1960 and 1970, an average of the value of the index computed with formula (1) for each plan is used. In this average, the number of years of validity of each plan is used as a weight.

Table 1
Index of the Degree of Implementation of the Economic Plans in Latin American Countries

COUNTRY	INDEX	COUNTRY	INDEX
Argentina	0.81104	Honduras	0.11552
Bolivia	0.79367	Mexico	1.71193
Brasil	1.40814	Nicaragua	0.71662
Chile	0.56029	Panama	0.95846
Colombia	0.37200	Paraguay	1.75402
Costa Rica	0.67372	Peru	0.68989
Ecuador	0.72479	Uruguay	1.25805
El Salvador	0.18065	Venezuela	0.98922
Guatemala	1.08180		

SOURCES: Development plans for the different countries

3. CHARACTERISTICS OF THE PLANNING PROCESSES

3.1 Introduction

In this section a detailed description of the characteristics of the planning processes, and the data to be used, will be presented.

3.2 Data to be used

References (2) and (4) provide most of the data to be used below on the characteristics of the planning processes. Only the information used to construct the index of the quality of the statistical data used in the preparation of the plans was obtained from reference (3).

Documents (2) and (4) indicate only in very general terms the period for which the information presented is valid. As a consequence, it will be assumed here that the information is an average that represents the conditions for the period between 1960 and 1970. This explains why the analysis below is made using only 17 observations, i. e., one per country. This small number of observations limits the range of statistical techniques that can be used.

In references (2) and (4) the different countries are subdivided into groups according to whether their planning processes have or do not have some specific characteristic. For this reason, the variables defined on the basis of this information will take only zero-one values. However, it should be observed that to simplify the presentation of the statistical data below, numerical codes will be used to represent the values of the variables, instead of the zero-one values used for the statistical analysis.

3.3 Characteristics of the economic planning institutions

No attempt will be made here to describe all the institutional arrangements of the one or more organizations that, with several degrees of coordination, prepare the economic development plans. The analysis will be based on the four characteristics to be described below.

First the level within the government at which the head of the planning institution is located will be considered. In the experience of the countries included in this study, two cases appear: a) The planning institution is located in the offices of the head of the government, to be called here president, or b) it forms part of a ministry.

Most of the economic planning institutions, regardless of the level at which they are located, are advised by a council. The characteristics of this council constitute the second aspect of the planning institutions to be considered here. Four cases appear in the experience of the countries considered:

- a) No council advises the planning institution;
- b) The council includes only 'economic ministers', i.e., heads of ministries dealing directly with economic matters, such as finances, trade, development, etc. This type of council will be called below 'economic cabinet'.
- c) In Latin American countries, Central Banks, Development Banks, and similar organizations frequently do not depend directly on the Executive branch of the government, and are called autonomous institutions. A third type of council of the planning institutions includes, in addition to the members of the economic cabinet, heads of the economic autonomous institutions. This type of council will be called below 'extended economic cabinet'.
- d) A fourth possibility is that the council includes, in addition to the members of the extended council, representatives of the private sector, such as representatives of Chambers of Commerce, Industry, Labor Unions, etc. This council will be called 'complete council'.

The third aspect of the planning institutions to be considered here deals with the characteristics of the departments charged with Sectoral Planning. These departments, in principle, form part of the different ministries and autonomous institutions, but should be closely associated with the central planning body. All the countries considered in the analysis here have this type of department; however, a classification is possible, depending on whether they cover the whole public sector, or only the organizations directly associated with the central government.

The fourth aspect refers to the availability and characteristics of the departments or regional planning. The countries considered are first classified in two groups, depending on whether they have regional offices; and second, those that have this type of offices are classified as to whether they are coordinated, or integrated with, the central planning body.

The data for the four characteristics referring to the institutional aspects of the planning process are presented in Table 2.

3.4 Characteristics of the process of preparation of the economic plans

Five aspects will be considered in this section:

- a) The quality of the National Accounts data used for the preparation of the economic plans;
- b) Whether a formal model was used, and if so, some of its characteristics;

Table 2. Characteristics of the Economic Planning Institutions in Latin American Countries

COUNTRIES	LEVEL	COUNCIL	SECTORAL	REGIONAL
Argentina	1	3	1	1
Bolivia	2	4	2	2
Brazil	2	1	1	1
Chile	1	1	1	1
Colombia	1	3	1	2
Costa Rica	1	1	1	3
Ecuador	1	3	2	2
El Salvador	1	4	1	3
Guatemala	1	3	1	3
Honduras	1	4	1	3
Mexico	2	2	1	2
Nicaragua	2	3	1	3
Panama	1	1	2	3
Paraguay	1	3	1	2
Peru	1	2	2	2
Uruguay	1	2	1	3
Venezuela	1	4	1	2

LEVEL: 1 = Presidential, 2 = Ministerial. COUNCIL: 1 = No Council 2 = Economic Cabinet, 3 = Extended Cabinet, 4 = Complete Council. SECTORAL DEPARTMENTS: 1 = In All Public Sectors, 2 = Only in Central Government Departments. REGIONAL OFFICES: 1 = Integrated with Central Planning Body, 2 = Not Integrated 3 = No Offices. SOURCES: Described in text.

- c) Characteristics of the coordination between the Central and the Sectoral planning offices;
- d) Characteristics of the coordination between the Central and the Regional planning offices;
- e) Participation of the public in the preparation of the plans.

Information on the availability and currency of the National Accounts Data, as reported in reference (3), was used to construct an index of the quality of these data. If a country had all the series suggested by the U.N. and all of them were up to date, it would receive an index of 100. Points were deducted if some series were lacking, or if for some series the last figures available were not up to date. It will be seen below that, according to the index obtained, Ecuador appears as one of the countries with the best, while Bolivia seem to have the least satisfactory information.

According to the information available, some of the countries being studied did not use formal econometric models in the preparation of their plans. In addition, the countries that did use them can be subclassified on the basis of whether the model used was an aggregated macro model, or a disaggregated input/output model. The three possibilities mentioned, i.e., no model, macro model and input/output model will be considered below.

Three alternatives are considered with respect to the coordination between Central and Sectoral offices for the preparation of the economic plans: The first is that the Central office prepares the outline of the Sectoral plans, while the sectoral offices prepare the details. The second alternative is that only the sectoral offices prepare the sectoral plans. The final alternative is that the Central office alone prepares the sectoral plans.

The information available with respect to the preparation of regional plans is similar to that just mentioned with respect to the preparation of the sectoral plans. The same three basic possibilities are considered., i.e., that the Central office prepares the outline of the regional plans while the regional offices prepare the details, that the regional offices prepare the plans, and that the central office prepares them. In the present case, a fourth alternative is used to indicate that some countries do not prepare regional plans.

The fifth aspect to be considered with respect to the process of preparation of plans is whether there was public participation.

The data for the five characteristics of the process of preparation of the economic plans are presented in Table 3.

Table 3
Characteristics of the Process of Preparation of the Economic Plans in Latin American Countries

COUNTRIES	QLTY. DATA	USE MODELS	COORD. SECTORAL	COORD. REGIONAL	PART PUBLIC
Argentina	37.86	2	1	1	2
Bolivia	2.86	2	1	2	2
Brazil	15.71	1	1	2	2
Chile	28.57	1	1	1	2
Colombia	20.00	1	1	4	2
Costa Rica	32.14	2	1	4	2
Ecuador	56.07	1	1	3	2
El Salvador	16.43	2	1	3	1
Guatemala	28.57	2	1	4	1
Honduras	39.64	3	1	4	2
Mexico	5.71	2	1	2	2
Nicaragua	5.71	2	2	4	2
Panama	44.36	3	2	4	2
Paraguay	10.36	2	3	3	2
Peru	25.71	2	1	2	1
Uruguay	17.86	2	3	3	2
Venezuela	28.57	2	1	2	1

USE MODELS: 1 = Input/Output, 2 = Aggregated, 3 = No Model. COORD. SECTORAL: 1 = Central Outline, Sectoral Details, 2 = Only Sectoral, 3 = Only Central. COORD. REGIONAL: 1 = Central Outline, Regional Details, 2 = Only Regional, 3 = Only Central. PART. PUBLIC: 1 = With Public Part., 2 = Without Public Part. SOURCES: Explained in text.

3.5 Content of the economic plans

The purpose of the study of the content of the economic plans is not to analyse elements that are common to all of them, and that can be said to characterize a plan. Only nine particular elements, some of which are missing in some plans, are studied. In each case, only two alternatives are considered: whether or not the economic development plans include the element considered. The nine alternatives deal with:

- a) 'Short term', say, yearly plans;
- b) Investment plans;

- c) Sectoral plans;
- d) Taxation plans;
- e) Plans for the financial sectors, i.e., plans that specify policies for money and credit;
- f) Plans for the evolution of prices and wages;
- g) Foreign trade plans, i.e., plans for exports and imports;
- h) Industrial and agricultural plans;
- i) Agrarian reform plans.

The data available on whether the economic development plans of a country include the elements mentioned above are presented in Table 4.

Table 4
Content of the Economic Development Plans

COUNTRIES	SHORT T.	INVEST.	SECTORAL	TAXATION	MONEY C.	PRICE W.	FRGN. TRD.	AGR. IND.	AG. RFMN.
Argentina	1	2	1	1	1	1	2	2	2
Bolivia	1	2	1	2	2	2	1	1	1
Brazil	1	1	1	2	1	1	1	1	2
Chile	1	2	1	2	1	1	1	1	1
Colombia	2	2	1	2	2	2	2	2	2
Costa Rica	1	2	1	2	2	2	2	2	2
Ecuador	2	2	1	1	1	1	1	1	1
El Salvador	1	1	1	1	2	2	1	1	1
Guatemala	2	2	2	2	2	2	2	2	2
Honduras	1	2	1	1	1	2	1	1	1
Mexico	1	2	1	1	1	2	1	1	1
Nicaragua	2	2	2	2	2	2	2	2	2
Panama	2	2	2	2	2	2	1	1	1
Paraguay	2	2	2	2	2	2	1	2	2
Peru	2	2	1	1	1	2	2	1	1
Uruguay	2	2	1	1	1	1	2	1	2
Venezuela	1	1	1	1	2	2	1	1	1

IN ALL CASES, 1 = Alternative included in plan. 2 = Not included.

SOURCES: Explained in text.

3.6 Control by the Central Planning Organism of the implementation of the plan

The direct control or the influence that the central planning organisms may have on the preparation of the budgets of the different levels of the government is likely to be the form of control of the implementation of economic plans most frequently used. This form of control is the only one to be considered here. In the countries studied the following three types of influence have been used.

- a) The central planning office prepares the central government's budget;

- b) The central planning office coordinates the preparation of the budgets; and
- c) The central planning organism does not perform either of the two functions above, i.e., it has no influence on the preparation of the budget. The data available are presented in Table 5.

Table 5
Influence of the Central Planning Office on the Preparation of the Governments' Budgets

COUNTRY	INFLUENCE	COUNTRY	INFLUENCE
Argentina	3	Honduras	2
Bolivia	3	Mexico	2
Brazil	1	Nicaragua	3
Chile	2	Panama	1
Colombia	2	Paraguay	3
Costa Rica	1	Peru	2
Ecuador	2	Uruguay	1
El Salvador	2	Venezuela	1
Guatemala	2		

1 = Central Planning Office prepares Budget;
 2 = Central Planning Office coordinates preparation;
 3 = Central Planning Office does not perform either one of these two functions;
 SOURCES: Explained in text.

4. STATISTICAL ANALYSIS: METHOD AND RESULTS

In summary, the data presented include 44 dummy variables representing classifications, 1 continuous variable representing the quality of the National Accounts Statistics, and the continuous index of the implementation of the plans.

In principle, the most appropriate statistical method for the analysis of these data would include the following two steps:

- a) Reduce the dimensions of the space of independent variables by means of factor analysis. This method would also permit construction of indices to represent groups of closely associated variables.
- b) As a second step, the indices constructed in the first step could be used as explanatory variables of the index of implementation of the targets of the economic plans.

The approach just outlined cannot be used, because practically all the explanatory variables are discrete. As a consequence, the results obtained with factor analysis would not be reliable. This fact was confirmed in a preliminary statistical analysis.

In view of the limitation just described, the method used here is simply stepwise multiple regression. Taking into consideration

the limited number of observations available, it was arbitrarily decided that at most four or five explanatory variables would be accepted in each regression. On the other hand, it should be observed that in no case was it possible to obtain statistically significant results with only one variable. This shows that there is no one element of overriding importance that determines the success of the implementation of economic plans. The results of the regression analyses are presented in Table 6.

Table 6
Statistical Analysis of the Determinants of Success in the Implementation of Economic Plans

1.654 5.16	+	.636 ECNCM 8.53	-	.817 OLSCT 5.81	-	.755 YESCT 8.83	-	.473 CBCCR 7.64	R ² = .65		
1.128 3.706	+	.532 ONREG 5.30	-	.541 YESCT 4.76					R ² = .346		
1.994 4.46	-	.576 PRSDT 7.76	-	.110 OLSCT 8.66	-	.903 YESCT 10.96	+	.467 CBGPR 5.95	R ² = .598		
1.193 6.6257	+	.470 NTINT 8.954	-	.015>NNLAC 8.049	-	.810 YESCT 15.642	+	.624 YESMY 12.440	+	.576 CBGPR 12.049	R ² = .740

The figure appearing under each constant and coefficient is the corresponding F-value.

ECNCM = Council composed only of Economic Ministers (Reduced Council).

OLSCT = Only the Sectoral Offices prepare the Sectoral plans.

YESCT = Sectoral plans are prepared and included in the Economic Development Plan.

CBCCR = Central Planning Office coordinates the preparation of the National Budget.

ONREG = Only the Regional offices prepare the regional plans.

PRSDT = The Economic Planning Office is located at the level of the President.

CBGPR = The Central Planning Office prepares the Government's budget.

NTINT = Regional planning is not integrated with central planning.

NNLAC = Index of Quality of National Accounts Statistics.

YESMY = Money and Credit Plans are prepared and included in the Economic Development Plan.

SOURCE: Computations explained in text.

The results presented in Table 6 make it possible to identify 10 from among the 45 variables initially considered in the analysis, that have a statistically significant influence on the index of implementation of the targets of the plans for economic development. Five of these variables tend to reduce the index, i.e., have a favorable influence on plan implementation. One of them, PRSDT, deals with the characteristics of the Institutions that prepare the plans. Two of the variables with favorable influence deal with the process of preparation of the plans. The first is the index of the quality of the National Account Statistics (NNLAC), while the second indicates that the preparation of sectoral plans (YESCT) contributes to the implementation of the overall economic targets, particularly if these plans are prepared only by the sectoral planning offices (OLSCT). Finally, it appears that it is better for the implementation of the targets of an economic plan that the central planning offices alone coordinate the preparation of the governments' budget (CBCCR).

Five variables appear to have unfavorable effects on the implementation of economic plans. Two of these deal with the characteristics of the institutions that prepare the plans. The first indicates that a restricted council, (i.e., a council formed only with economic ministers (ECNCM) is the least effective form of council organization. The second

form of organization that should be avoided is that which includes regional planning offices not integrated with the central planning office (NTINT). This fact is confirmed by the third variable having unfavorable influence on the achievement of the targets of the economic plans. According to this variable, the preparation of regional plans by the regional offices alone should be avoided (ONREG). The fourth variable showing an unfavorable influence on the implementation of the plans is the one that indicates that the plans that include money and credit policies (YESMY) show a low record of implementation. A possible explanation of this result is that the methods of including money and credit policies in plans for economic development are not as well developed as those for preparation of other aspects of the plans. As a consequence, efforts to include such policies might introduce defects in the structure of the plans as a whole. The final variable indicates that putting the preparation of the government's budget in the hands of the Central Planning Office (CBGPR) has an unfavorable effect on the plans' implementation.

In summary, it can be said that, while the sectoralization of the plans appears to be advisable, their regionalization does not seem to be so. In addition, despite that highly placed central planning offices are useful, as suggested by the sign of PRSDT, strong or authoritarian offices do not seem to be. This conclusion is suggested by the signs of the coefficients of the variables that show the advisability of decentralized sectoral planning offices (OLSCT) and decentralized budget preparation (CBGCR and CBGPR). Actually, the unfavorable influence that a restricted council (ECNCM) has on plan implementation can also be interpreted as an indication that influence of the different sectors of the government has a favorable influence. Finally, it appears that while the quality of the data used influences the degree of achievement of the targets of the plans, what can be called technical refinements in the planning process have, at best, no influence, and at worst, they have an unfavorable influence. This conclusion can be reached, on the one hand, from the signs of the coefficients of the variables NNLAC and YESMY, and on the other hand, because the variables dealing with the types of models used in the preparation of the plans and most of the variables dealing with specific content of the plans do not appear in the statistical results.

In conclusion, the reader should be warned that if the indexes used for the analysis are refined, different conclusions might be obtained. For instance, it might be that highly aggregated say, three-sector input-output models have no effect on the quality of an economic plan, while models with many sectors do have some influence. As mentioned, only analyses with refined indices will provide this information. It is also useful to mention that the type of analysis of the planning process presented in this paper should be the only basis for the organization of these processes. This paper, by taking an initial step toward this type of analysis, whatever the degree of success, shows that it is possible and useful.

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NOTES AND COMMENTS

The III Conference of Ministers and Heads of Planning of Latin America and the Caribbean was held on 28 and 29 November at Guatemala City.

The Meeting of Ministers was attended by representatives of Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela (see list of participants in Annex 1).

Representatives of the following bodies also participated as observers: the Inter-American Development Bank (IDB), the Central American Bank of Economic Co-operation (CABEI), the Commission for the Scientific Development of Central America and Panama (CTACP), the Central American Technological Research Institute for Industry (ICAITI), the Institute of Nutrition of Central America and Panama (INCAP), the Organization of American States (OAS), the Permanent Secretariat of the General Treaty for Central American Economic Integration (SIECA), the Agency for International Development (AID), the Regional Office for Central America and Panama (AID/ROCAP) and the Inter-American Planning Society (IAPS).

The following United Nations bodies and specialized offices were represented: the Department of Technical Co-operation for Development, the United Nations Development Programme, the United Nations Fund for Population Activities, the United Nations Children's Fund, the International Labour Organization and the Regional Employment Programme for Latin America and the Caribbean.

1. Conclusions and Recommendations on the State of Planning

The Ministers of Planning and Heads of Planning Bodies of Latin America and the Caribbean, having exchanged experience and considered various aspects of the question of the state of planning.

Stress

The importance of pursuing, on a permanent basis, consideration of planning processes in the Latin American and Caribbean region, as the most appropriate way of determining what progress has been achieved, what obstacles there are to such progress, and ways of establishing policies and methods for improving the results achieved.

The desirability that the various planning bodies should exchange experience, as a further way of contributing to improvement of their action.

And, consequently, recommend that:

ILPES, in co-ordination with the planning bodies of the individual countries, should in addition to the efforts it has already undertaken in preparing the study on the "State of Planning in Latin America and the Caribbean", endeavour to analyse not national experience but the shared problems affecting the countries of the region. Such studies should also systematically cover other topics referred to in the Commission's other recommendations and also the analysis of planning systems, participating machinery, operative planning and monitoring systems.

Considering that:

Many delegations emphasized the need to accord the highest priority to social development.

Attention was also drawn to the intention of a number of countries to place particular emphasis on social development in the 1980s.

Ultimately, social development does not automatically result from economic growth, even though the latter may be a pre-requisite for the former.

Stress:

The importance of continuing and expanding studies on social planning.

And suggest, in addition, that:

Appropriate methods and techniques for social planning should be developed and prepared further.

The relationship between economic and social planning should be developed further, and the impact of economic policy at the social level and, conversely, the implications that social policy has for economic activities should be determined.

New ways of co-ordinating the activities of various bodies active in the social field should be explored in order to render their action more coherent, thus increasing the effectiveness of social expenditure.

The possibility of developing methodologies and establishing national systems for providing social indicators that permit evaluation at the global level of the social impact of government policy should be considered.

Machinery for identifying, preparing, evaluating and monitoring social projects should be improved.

Problems relating to access for target-groups to a minimum level of well-being, including institutional aspects and basic social services, should be studied.

Social policy should accord high priority to meeting the basic needs of the population and, in particular, those of extremely poor groups, and such policy should, furthermore, be aimed at achieving a clear redistributive effect.

Ways of co-ordinating nutrition policy, particularly child nutrition, with the other economic and social aspects that form part of development plans, should be considered, in such a way, that they are not confined merely to health aspects.

Due emphasis should be placed within the context of the Economic and Social Development Plans, on land tenure questions.

Considering that:

The question of the external sector was referred to repeatedly as one of the crucial questions confronting the Latin American countries, and in

view of the fact that question should be considered in a broad context including both physical and financial aspects, and taking into account its structural character as well as its current economic context.

Recommend that:

High priority should be given to studies undertaken in the future, particularly under ILPES programmes.

An endeavour should be made to progress in the following specific directions in particular:

Comparative analysis of national experience with regard to global policies relating to foreign trade, both with the rest of the world and within the context of the region's economic integration processes.

Consideration of the impact of such policies on industrial expansion, employment, the investment process, regional distribution of economic activity, distribution of income and other variables relevant to planning processes.

Studies to provide a basis for developing effective foreign trade policies, stressing questions relating to co-operation and/or integration among the countries of the region.

Considering that:

All long-term projections identify the elimination of unemployment and the provision of employment for the growing economically active population as one of the most serious problems that the region will have to face in the coming decades, and if that problem is not faced it will be more difficult to reduce the number of persons below the critical poverty threshold.

Understand that:

Economic policies must be aimed at reconciling employment objectives and goals with the other objectives of development plans.

Science and technology policies must also systematically take the goal in question into consideration.

Social policies must regard employment as a variable that is of basic importance in attaining social development goals.

And suggest that:

ILPES should devote particular attention to the question of employment in its research, training and advisory assistance activities, in appropriate co-ordination with other international bodies and programmes concerned with the same question.

Considering that:

Many delegations devoted particular attention to the question of annual operative planning and reconciling medium-term planning with policies to deal with the current economic situation.

Recommend that:

An endeavour should be made to improve available statistical information required both for formulating operative plans and for carrying out monitoring tasks and reformulating policies as necessary. Moreover, taking into account that bodies responsible for carrying statistics have limited resources, it would be advisable to make a particular effort to identify with the greatest possible exactitude the various categories of information required and to consider the possibilities for making full use of available statistics.

Compatible models should be used and an endeavour should be made to adjust such models appropriately to the conditions and requirements of each country, making use of the experience gained in the region and considering the possibility of adapting the experience of other countries.

Existing methods of maintaining interagency links should be improved with a view to rendering statistics compatible and considering new alternative machinery.

Considering that:

The development plans of many countries represented at the meeting stressed the importance of encouraging participation in preparing and implementing development plans.

And that, furthermore, such participation could be useful for ensuring that the plans in question are more geared to meeting the requirements of the various social agents and that they receive more effective public attention during their implementation stages.

Recalling that:

There is insufficient information on appropriate procedures and machinery for furthering such aims of ensuring participation.

Recommend that:

Comparative analysis of experience in this field existing both inside and outside the region should be carried out.

Necessary and potential links between machinery to ensure participation in planning and institutional and administrative systems currently in effect, should be analysed.

Considering that:

The planning process is not confined to preparation of "book-plans", in order to justify the existence of planning bodies.

The anticipated results of planning are determined by the administrative capacity to implement plans.

In addition to the translation of decisions into public policy, execution and monitoring of results must be guaranteed.

Recommend that:

Promotion of development of the operative capacity of State administrative machinery should be included among the concerns of planning

bodies (so that such machinery is in a position to channel the demands of the social sector rapidly and effectively), and appropriate response should be provided.

Considering that:

Various delegations participating have voiced their concern with regard to the impact of the oil crisis on the economy of the Latin American and Caribbean countries.

The oil crisis generates structural imbalances that vary according to the extent to which each of the countries in question is dependent on petroleum.

There is a real imbalance because higher oil prices represent a burden for importing economies, which are obliged to increase the volume of their exports in order to obtain the same quantity of oil, in other words, in the short term, higher oil prices mean that a higher proportion of the national product must be surrendered in exchange for imported oil.

Since relative domestic prices do not encourage investment in alternative sources of energy, those countries that are self-sufficient in oil are concerned at the danger of exhausting their oil reserves, as the reserves in question are a non-renewable source of energy and are finite.

There are various approaches that help to overcome this difficult problem, such as use of the machinery for co-operation in the field of energy established by Mexico and Venezuela for the benefit of the Central American and Caribbean countries, in response to the proposal put forward in the World Energy Plan submitted to the United Nations General Assembly and to the Trust Fund administered by IDB and the World Bank with resources provided by Venezuela.

Recommend that:

The exchange of experience among individual countries with regard to the way in which they contribute to solving the energy crisis should be promoted and comparative studies of such experience should be conducted.

Considering:

The importance of the above-mentioned question, the diversity of the situations in each country in the Latin American region, and

The need to exploit to the maximum existing resources, in view of the magnitude of the task ahead.

Recommend that:

For the greater part, research work on economic and social planning should take place at the national level, without prejudice to the existence of, and efforts to establish, appropriate co-ordination procedures with a view to multiplying the effect of such research activities.

Countries should encourage execution of research activities, and ILPES should co-operate with countries in the field of planning, placing emphasis on the questions referred to in these recommendations.

ILPES should also promote co-ordination of activities with other United Nations agencies whose field of work is linked or related to its own, thus avoiding overlapping and duplication of effort.

Considering that:

Planning should not only concern problems relating to economic growth, the profitability of projects, tariff policy, tax exemption, etc., but should also devote close attention to social questions, such as those relating to employment wages and salaries, nutrition, recreation and, in short, questions affecting the quality of life and the well-being of the population.

Economic growth should result in effective social development that helps to bring about social harmony in the Latin America and Caribbean countries.

These social development endeavours must take place in the framework of the economic possibilities of each individual country.

Recommend that:

The level of employment should be raised, and a level of official expenditure must be set that makes it possible to meet basic needs and overcome extreme poverty through effective programmes.

Development of the housing sector must be promoted and oriented in such a way as to meet the needs of the various population groups, in accordance with the priorities of each government.

Cultural and recreation question must be taken into consideration in evaluating public projects.

Problems relating to the environment and natural resources must be regarded as matters of major concern.

A pattern of exploiting such resources that will definitely not affect future generations must be adopted.

Finally, entrust the national planning bodies of the countries that decide to do so with the task of implementing the provisions of this resolution, and ILPES, among other bodies, with assistance in the conceptual and instrumental formulation of planning techniques appropriate for attaining the goals in question in the most effective manner.

Considering:

That the Latin American countries have been members of an integrationist scheme that did not expressly take into consideration the planning process as such.

The importance of planning as a basic instrument for the development of countries, a fact which has been confirmed at various meetings.

The Central American integration has placed excessive emphasis on trade in goods and services, leaving aside the necessary complementarity of the economies in question and effective programming and allocation of resources for development.

Therefore, agree to:

Request ILPES, in co-ordination with regional bodies of the area, to co-ordinate and orient a seminar focused on the analysis of, and machinery for, planning for economic and social integration.

Considering:

The way in which co-operation has taken place in the recent past between ILPES and UNICEF in conducting training and research activities in the field of social planning, which provides an example of how various institutions of the United Nations system could conduct joint activities in a manner that is co-ordinated and useful to countries.

The assistance provided by UNICEF, not only at the regional level, as mentioned above, but also in national activities.

Decide to:

Convey their gratitude to UNICEF and encourage UNICEF and ILPES to pursue their co-operation endeavour in the field of social planning.

Considering that:

At this Third Conference a growing interest was shown in learning about the experience of individual countries of the region with regard to: linking economic aspects with social, political and cultural aspects in the planning process; making short, medium and long-term plan compatible; the institutional structure that makes planning viable; in short, the extent to which planning systems are integrated in each country.

Recommend that:

The ILPES study presented at this Third Conference should be regarded as a first step towards a study on planning systems in Latin America and the Caribbean. The study in question should not deal with isolated plans, but with all the plans and machinery that make up the system. Furthermore, support is requested from the planning bodies of the countries of the region in conducting the study.

In order to achieve this goal the following operational machinery is proposed:

(a) That ILPES should prepare a methodology that will make it possible to obtain the information required for the study. This will include questionnaires to be filled in by the officials of the planning bodies of each country, with assistance from ILPES.

(b) Once the information in question has been obtained, ILPES should convene a meeting to consider how it should be organized for the purpose of conducting the comparative studies.

(c) The Ministers are requested to provide assistance by contributing the necessary time of their technical staff for this purpose.

(d) The results should be submitted to the Fourth Conference of Ministers of Planning or should serve as a basic document for the meeting.

(e) The study should be submitted periodically in the context of an ongoing process of consideration of the question of planning.

It is placed on record that the countries sponsoring this motion, namely, Mexico, Brazil, Guatemala and Venezuela, as of now declare themselves ready to participate in the study in question and invite all other countries that so desire to join them.

2. Conclusions and Recommendations on the Question of Planning and Science and Technology

The Conference recalled:

That the concept of a New International Economic Order is the result of an awareness in countries of the need to bring about significant change in current international relations, since there is, otherwise, very little likelihood that the quality of life of the population of the developing countries will improve.

Aware:

That the application of science and technology should contribute to eliminating the growing disparities between the developed and developing countries since the benefits of technology are not shared equally by all the members of the international community.

Reiterating:

The need for fair and just norms to be established in the context of a new type of international economic relations to regulate the international transfer of technology, the systems of patents and trademarks and the activities of the transnational corporations, taking special account of the interests of the developing countries, particularly those belonging to the region of Latin America and the Caribbean.

Concerned:

By the growing delays in the different international forums for the adoption of international agreements in this regard.

Recommends:

The renewal of efforts to promote at the international level and in co-ordinated form:

The restructuring of the Paris Convention for the protection of industrial property so as genuinely to reflect the interests of the developing countries, particularly those of Latin America and the Caribbean.

The preparation of the International Code of Conduct for the transfer of technology, the primordial objective of which is to contribute to achieving a balance in the contractual relations between sellers and purchasers of technologies and improving the conditions of the developing countries for acquiring technology.

The adoption of the International Code of Conduct or transnational corporations and

Technical Co-operation among Developing Countries (TCDC) which is an invaluable means of initiating, designing, organizing, strengthening and fomenting co-operation among developing countries so that they can generate, transfer, assimilate, disseminate and share scientific and technological knowledge.

Recalling:

That the United Nations Conference on Science and Technology for Development recommended in its programme of action the establishment of a system for financing science and technology for development so as to "finance a broad range of activities aimed at strengthening the endogenous scientific and technological capacities of developing countries ..."

Recalling:

That in December 1979 the United Nations General Assembly approved the creation of an Interim Fund for science and technology for development, administered by the United Nations Development Programme.

Seriously concerned:

Because to date, although various projects chargeable to the Fund have been adopted, machinery has not been set up for their presentation, appraisal and adoption, to the detriment of the countries interested in opting for the Fund's resources.

Recommends:

The conveyance to the Administrator of the United Nations Development Programme of its concern for the need to speed up its implementation as soon as possible with a system of norms regulating the submission, appraisal, and adoption of the proposed projects.

The co-ordination of activities so that the countries of Latin America and the Caribbean, considered as one region, will occupy a favourable position in the allocation of resources by the Interim Fund in question.

Designation of and support to the National Focal Points for the Interim Fund which as far as possible should be the same bodies as carried out this task for the activities prior to the United Nations Conference on Science and Technology for Development.

Aware:

Of the need to co-ordinate all efforts at the regional level as regards science and technology policies and planning so as to share and exchange national experience in this regard and to take advantage and make the best possible use of the resources of the region for the benefit of the countries which compose it, improving their relative position at the world level as regards science and technology.

Aware:

Therefore, of the various efforts as regards science and technology which have been made at the subregional level, which constitute a fundamental stage in the region's integration process.

Recommends:

That the Conference should express its recognition of initiatives of a subregional nature which have materialized in Latin America and the Caribbean through bodies such as the Board of the Cartagena Agreement, the Caribbean Community, the Commission for the Scientific and Technological Development of Central America and other specific bodies.

Support for developing activities of a subregional nature which contribute to a greater integration of activities in policy and planning, research, management, utilization, related services, etc., relating to the science and technology applied for the benefit of the region.

Aware:

That ILPES has submitted a project to the United Nations Interim Fund for Science and Technology for Development.

Considering:

That this project aims at meeting the needs of anticipating conceptual, technical and methodological bases for the introduction of the science and technology dimension into development planning.

Aware:

That the countries of the region as a group must make efforts to introduce the science and technology dimension into their development planning process in an adequate form.

Recommends:

Submission to the competent technical levels of their countries of the project submitted by ILPES to the Interim Fund in order to determine the advisability of support at the national level and give the considerations and opinions regarded as relevant.

Taking into account the central concerns expressed by the countries as regards the incorporation of scientific and technological variables into planning, indicated in the summary of the discussion, and the need to stimulate the scientific and technological development which can generate an adequate channelling of public expenditure.

It was considered advisable to establish a list of activities aimed at solving these problems.

Recommends:

That the top priority areas for action should be:

To foment co-operation among the countries of the region in order to share the progress which each has made in specific areas or in order to tackle jointly the solution of certain problems in particular.

To study the behaviour and foster the systematization of national experiences as regards policy machinery and methodologies and the planning of scientific and technological development; in this way to give an adequately explicit place to the science and technology variable in the planning systems and systems and specifically in the national, regional and sectoral development plans at different levels:

(a) In the national long- and medium-term policies and strategies.

(b) In sectoral planning in a connected form and with a view to the solution of specific short-, medium- and long-term problems.

(c) In the definition and implementation of policy machinery and instruments.

(d) Production of a list of activities by sectors and regions in order of priority.

To start on or strengthen the work of the collection and dissemination of complete and up-to-date information on the technological alternatives now available in the region.

To make efforts to orient public spending so as to assist the scientific and technological development of the countries of the region.

Taking into account the need to identify main functions so as to order the work which the countries, with the possible collaboration of ILPES, will carry out, with a view to the explicit incorporation of the science and technology variable into planning.

Recommends:

The development of the following functions:

1. Functions of research and implementation:

(a) Determination of the main "problem areas"

(b) Existing possibilities for tackling:

(i) The transfer of technology

(ii) The development of national capacity and human resources

(iii) The development of the infrastructure and integration of the national science and technology systems

(c) Inclusion of science and technology in economic and social planning

(i) Sectoral studies

(ii) Studies of instruments of analysis and decision-making

(iii) Forms of financing

(iv) Establishment of norms or codes of conduct

- (d) Studies of methodology, machinery and formulation of policies for technological development
2. Function of co-ordination of the effort at the following levels:
 - (a) Inter-institutional
 - (b) Intersectoral
 - (c) Bi- or multilateral
 - (d) National
 3. Function of information:
 - (a) Inventory of machinery and projects, norms, patents, trademarks, etc., which relate to the creation of a regional information system on science and technology
 - (b) Institutions and projects existing at the national level
 - (c) Policies at the sectoral and entrepreneurial level
 4. Function of participation:
 - (a) Creation of public awareness of the importance of the science and technology variable
 - (b) Generation of machinery to channel the opinion and interests of users and generators of technology.

Considering:

That the science and technology variable represents a self-sustaining strategic factor of the developing countries.

That to date the countries most benefiting from scientific and technological development have been the industrialized countries and that there is a need for this development to be extended to the developing countries.

Recalling:

That in the United Nations Conference on Science and Technology for Development it was proposed to set up a United Nations Interim Fund for Science and Technology, now ratified by the United Nations General Assembly.

Recommends:

That the machinery to communicate with the governments of the industrialized countries should be sought, so as to convey to them the tremendous concern expressed in this Conference as regards the scanty contributions made to the Fund to date which do not correspond to the spirit in which it was formulated and adopted by the United Nations.

Recalling:

That the countries of the area aspire to a new international economic order.

That science and technology are strategic factors in the development of the countries for their self-determination.

That the Economic Commission for Latin America (CEPAL) as part of its work programme has been carrying out activities of support to the countries in the field of science and technology.

That with the aim of strengthening the development of the countries of the region in the field of science and technology it is necessary: to identify demands and support studies aimed at satisfying them; to increase the efficiency of research institutions, stimulate and encourage private spending in this regard, train or increase the human resources required for the scientific and technological development of our countries and develop their capacity for the generation and adaptation of their own technology,

Taking into account:

That there is a considerable stock of achievements in science and technology in the countries of Latin America and the Caribbean of which the countries of the area could jointly take advantage.

Recommends:

That the advisability of making a study on the advantages and disadvantages of setting up a Latin American Centre for Science and Technology for Development within CEPAL in line with the region's needs and priorities should be submitted for consideration to the competent bodies in their respective countries.

That the Economic Commission for Latin America (CEPAL) should be requested to make the necessary studies in order to submit its conclusions to the countries for consideration and for this purpose request the Technical Secretariat of this Conference to inform CEPAL of the above agreement.

3. Conclusions and Recommendations on the topic
of Regional Development Planning

The Conference considered the agreements stemming from the Meeting of the Heads of the Central Planning Bodies of Central America held in Panama City on 7 November 1980, and decided:

To include and institutionalize regional planning in the regional planning system in those countries in which this has not taken place, as a mechanism which, inter alia, permits the integration of the country into the different contexts and decision-making from its own bases.

To rationalize public spending through the concession of priorities granted through the planning process involved and to implement an investment policy aimed at regional development.

To reduce the concentration of resources and activities which would permit the sustained development of the areas ignored to date in most development plans, taking into account the respective government programmes, and

To introduce the administrative, legal and institutional reforms which will permit greater efficacy and efficiency on the part of the government and its institutions and general participation in the regional development of the countries.

The Conference, taking into account:

That one of the objectives of regional planning is the formulation of plans and programmes aimed at organizing and developing national space, so as to direct human activity within a specific physical territorial framework which will permit the incorporation into the development process of the economic, social and cultural elements which characterize the different regions of the countries.

Since:

It is necessary to set up a mechanism which will ensure the operational functioning of the regions system in the work of the planning and programming of development.

Recognizing:

That the implementation of the tasks connected with the regional problem requires the provision of financial resources.

Taking into account:

That the spatial problem requires technical and institutional support which the public sector can provide, in terms of which the achievement of the regional goal means the implementation of process which requires skilled human resources at the technical and operational level.

Recommends:

That in the short- and medium-term the countries of Latin America and the Caribbean should be able to count on duly institutionalized regionalization, provided with a regional administrative structure at the national level, incorporating the existence of relatively autonomous regional authorities, so as to provide a technical and political operational function which will take the form of the formulation and implementation of differentiated policies and which will permit broader participation and active general co-operation in regional development.

At the same time, to set up a regional investment fund, constituted with an initial and annual contribution from the state and under the responsibility of the regional authority, which will orient appropriately the flow of earnings towards the financing of regional programmes and projects to foster the development of subsystem; it is also suggested that the State, as the guiding agent of national development, should incorporate into the country's general budget of incomes and expenditure spatial criteria which will permit the programming of financial resources to guarantee the implementation of the regional plans.

To boost training, research and technical co-operation programmed at the different levels of regional planning which: (a) will reinforce horizontal co-operation among the Latin American and Caribbean countries, and (b) pursue a better relationship with the countries so as to provide recommendations of a more operational nature and for immediate application.

The Conference recommends:

That the countries taking part in integration processes and incorporation complementarity and frontier integration activities should bring policy measures, programmes and projects in these two fields into lines with regional development measures, so as to avoid their adverse effects.

The Conference, considering:

That regional disparities in development are strongly affected by State action in the implementation of homogenous macro-economic policies, recommends the adoption of regional criteria in the formulation of these policies so as to distribute fairly the cost and benefits of the growth process.

The Conference, considering:

That the regional development process depends not only on the action of the central government but also on each region's own organizational capacity, considers that it is desirable to recommend that the national government should give special attention to strengthening the governments and the systems of subregional administration.

Aware:

Of the important impact on regional development of the course of homogeneous macroeconomic policies.

Taking into consideration:

The small number of studies on the interaction between regional development and macroeconomic policies; the weakness of the methodological proposals which allow the introduction of regional criteria into the use of instruments to induce policies within the scope of the State.

Recommends:

That ILPES should promote comparative studies in this regard, and if it deems it advisable, should organize a seminar on methodologies for the incorporation of regional criteria into the use of policy-inducing instruments within the scope of the State.

4. Conclusions and recommendations on the System of Co-ordination and Co-operation among Planning Bodies

Recognizing:

The success achieved during the last four years by the System of Co-ordination and Co-operation among Planning Bodies in carrying out the objectives established during the First Conference of Ministers and Heads of Planning.

Recommends:

That the countries with the support of the secretariat should design a detailed mechanism which will make it possible to bring about the materialization of the interest of the governments in going ahead with specific activities and programmes as regards co-operation for planning.

In view of the present technical and human potential of the planning bodies of the region.

It is recommended:

That co-operation between them should be boosted and specific co-operation projects for planning should be submitted by the countries to UNDP and other financing bodies so as to be able to implement initiatives and priorities established by the governments through the planners at this meeting and in previous meetings of a regional and subregional nature.

Considering:

The need of support for the Information System for Planning (INFOPLAN), it is recommended that the International Development Research Centre should be requested to continue collaborating in its financing so as to consolidate the effort made and guarantee the tasks of decentralization and direct participation of the governments, for which the design of the INFOPLAN system is adopted.

Considering:

That horizontal co-operation among developing countries constitutes a mechanism whose potential should be used to the maximum.

Recommends:

That at the regional and subregional levels additional forms and instruments to those already existing should be proposed and implemented (short-term advisory services, visits, study trips, etc.), so as to further facilitate the exchange of technical information on experience and specific solutions which the countries have found in different fields of planning.

