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THE POLITICS OF PLANNING IN VENEZUELA: A CASE STUDY OF THE ROLE OF THE FEDERATION OF CHAMBERS AND ASSOCIATIONS OF COMMERCE AND PRODUCTION WITHIN THE PLANNING STRATEGY FOR DEVELOPMENT IN VENEZUELA.

The Ohio State University, Ph.D., 1973
Political Science, general

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THE POLITICS OF PLANNING IN VENEZUELA: A CASE STUDY
OF THE ROLE OF THE FEDERATION OF CHAMBERS AND
ASSOCIATIONS OF COMMERCE AND PRODUCTION
WITHIN THE PLANNING STRATEGY FOR
DEVELOPMENT IN VENEZUELA

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree of Doctor of Philosophy in the Graduate
School of The Ohio State University

By

Jose Dimas Torres, B.A., M.P.A.

* * * * * *

The Ohio State University
1973

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ACKNOWLEDGMENTS

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My special thanks to the members of the Venezuelan Federation of Chambers and Associations of Commerce and Production (FEDECAMARAS) and to many friends in Venezuela who provided valuable information on this important business group. A note of gratitude also to Dr. Frank Bonilla, formerly of M.I.T., who did not object to the use of the portions of the VENELITE data.

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The research could not have proceeded without the initial valuable comments on my proposal provided by Dr. L. William Liddle and
Dr. Giovanni Sani.

All viewpoints expressed herein are my own interpretations of events as I perceived them. They do not reflect the views of any individual or institution.
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INTRODUCTION

This is a case study on structural change in Latin America, and it is intended to clarify a situation.

It is the writer's belief that too much emphasis is placed by foreign policy-makers, especially by those engaged in dispensing economic aid, on the noncooperation, and in the resistance and obstacles placed by some sectors in Latin America, to the task of development.

In the majority of the cases, if not all the time, there emerges the stereotyped concerning the fact that most of these sectors, especially private business, are opposed to any form of development if this runs contrary to their interests. It is believed that in behaving in such a way these sectors stand in the way to the achievement of developmental goals. This has been the general opinion concerning the behavior of some sectors in Latin America and their position vis-a-vis the introduction of planning structures, and the planning strategy for development in the area. However, it may be the case that, if properly utilized and allowed to participate on an equal footing in the process of change, some groups could contribute to that process by bringing some awareness of special social situations that the governments may confront and that only through the cooperation of the groups may be remedied or
resolved, and the task of the governments accomplished.

The present study attempts to analyze the impact of government developmental planning on an interest group in a Latin American nation. Specifically, it attempts to analyze the role of the Federation of Chambers and Associations of Commerce and Production (FEDECÁMARAS), maximum representative of the private business sector in Venezuela, within the planning process in the country, and the impact effected by the latter on the role of the group. The study examines the periods spanning the administrations of President Romulo Betancourt (of the Acción Democrática Party, or AD), President Raúl Leoni (AD), and President Rafael Caldera (of the Christian Democratic Party, or COPEI)-1958-1970, in order to clarify the role and position of the group vis-a-vis the planning strategy. As such, the study attempts to fill a gap in the study of the Venezuelan political system, that can be used to generalize for the rest of Latin America, when analyzing the interaction of some groups with new structural forms intended to effect development. Some descriptive studies have been conducted dealing with the economic development of Venezuela, many of these using the concept of "planning,"

but none has been conducted to assess the changes in the role of a group in a developmental situation, or to assess how the role, functions, and goals of this are affected by the dynamics of the planning process in that country.

The significance of a study of the impact of planning on groups in a developmental situation is that it could help reveal three things: First, the study could help determine the groups' initial role and function vis-a-vis governmental planning to effect development and, by examining the groups through a period of time, determine the extent to which they have changed or modified their role and function as a result of their interaction with planning. This is specially important in connection with the private business sector for the planners and the government must "persuade" the business sector that planning is a useful instrument to effect economic development in order for the planning structure to obtain the information for plan projections. The participation of the business sector must also be secured for the implementation of the plans. Second, the study could help determine whether as a result of the impact of planning the groups develop other roles. Third, the study could help us visualize and, in the end, generalize concerning the above factors for the rest of Latin America. The Economic Commission for Latin America has considered the private business sector, in particular, as a sector opposed to the introduction of planning in the area because, in the planners' opinions, this runs contrary to the interests of this group. To the effect, the study could help determine whether there is resistance coming from the group or whether the resistance actually occurs because the government is opposed to the direct
participation of the sector in planning. Thus, a study of this kind, aside from
being a departure from past approaches to the study of groups, will contrib­
ute to the developing literature dealing with the role of groups in Latin
America.

A main hypothesis is to be explored in this study, namely, that changes
in the role of interest groups are related to, or even caused, by the emergence of new forms of social and economic organizations. In the context of this study, emergence of new forms of social and economic organizations refer specifically to the introduction of planning and a planning strategy to effect development. In the case of Venezuela, it is to be assessed if the dynamics of the planning structure and the planning strategy have affected the role and functions of FEDECÁMARAS. As a corollary to the main hypothesis, it is also to be illustrated that the emergence of the planning structure and the planning strategy, have contributed to the institutionalization of the group and some of its activities.

In connection with the above hypothesis, the main question is: Whether there have been any changes in the role and functions of the group since the inception of the planning strategy. An answer to this question and, thus, an illustration of the hypotheses, may be provided by an examination of the planning strategy and the group, during the periods outlined above.

Data

The evidence for this study was collected in different manners. First, documentary research was conducted of the theoretical literature and rationale


\(^5\)"Institutionalization" is defined here as "the formal and stable way of pursuing an activity that is important to a society." See David Popenoe, *Sociology* (New York: Appleton Century Crofts, 1971).
of planning for development, to focus on the background and objectives of the planning strategy for development in Latin America and, particularly, in Venezuela. A survey of the official publications and declarations of the Federation of Chambers and Associations of Commerce and Production (FEDECAMARAS), issued between 1958 and 1971, was conducted throughout 1970, and part of 1971, to determine the original role, functions, and policies of the institution within the Venezuelan societal context. The survey was also conducted to determine the relationship of the business institution to the political system, and its position during the period under investigation as this has been affected by the dynamics of the planning strategy. Second, a main portion of the research makes use of newspapers and articles to reveal the focus of attention, and to search for indications in statements and pronouncements that could reveal changes in goals and roles on the part of the group. There is one major weakness concerning the use of these kinds of data that is explained as follows: Newspapers usually vary in size and influence on different publics. That is, in many instances newspapers can take an issue and use it for propaganda purposes, e.g., they can play up certain themes related to the same issue more than others. In that way they can appeal to certain commonly accepted values or beliefs. Sometimes issues could be used to enhance or emphasize the appeal of political leaders and/or groups, thus influencing a substantial portion of readers. The technique followed in this study was to select a variety of newspapers published during the years under examination and scrutinize the data in order to eliminate, whenever possible, any opinions that
may seem biased in the forementioned directions. A strategy used in most of the study was to focus on the main activity of the organization—the Annual Assembly—where most of the national government's policies (economic and social) are thoroughly examined, and where the government was actually "forced" to take a stand and justify these policies before the nation. Another reason for using this strategy was because the pronouncements emerging from the assemblies (arrived at through discussions, and negotiations) become the official doctrine of the institution to be implemented throughout the year(s). In other words, by focusing on these main activities of the organization, the agreements, the role, and objectives of the business institution concerning its own strategy, and the course of action it was to follow vis-a-vis planning and the planning strategy, could be abstracted and analyzed. This was corroborated by the writer, who was able to compare the pronouncements in the official documents, supplied to him by the president and the executive director of the organization, and in correspondence and conversations held in Caracas in December 1971, and again in February 1973.

Fourth, the portions of the data dealing with the characteristics of the business sector and their attitude toward development policy in Venezuela was abstracted from data collected by the VENELITE project. This study was a combined enterprise sponsored by the Ford Foundation, and in which both the Massachusetts Institute of Technology and the Center for Studies of Development (CENDES) of Venezuela participated. The focus of VENELITE was on how men new to power and influence, new to concerns of national policy,
working through emergent institutions and organizations, guided by newly
evolving canons of leadership and collective responsibility, could be expected
to perform in the task of leading the country through a critical phase of develop­
ment. For this purpose, the project gathered information about the "most
important" leaders in the society, from the 1930's to the middle of the 1960's,
from which a panel of judges, using a "reputational" approach, selected 222
for interviewing. Table 1 shows the sample that was used in the project. The
data was used to portray the background and characteristics of the business
sector, their position within the system, and their opinions toward the
regimes' political leaders, and their attitudes toward development in Vene­
zuela. It was used to corroborate some of the data concerning the private
sector's goals within the social system. In other words, the data was used
with the objective of illustrating and supplementing a set of pronouncements
important to support most of the "raw data" (newspapers and articles).

VENELITE, however, did not record the specific position of the Federation of
Chambers Commerce and Industry (now known as the Federation of Chambers
and Associations of Commerce and Production) on the issue dealing with
planning, nor did it deal with the planning strategy. The emphasis was rather
on the relative efficacy of instruments and policies, e.g., intervention of
government in the economy, for attaining the objectives that the same economy
was to pursue.
Table 1

Subjects Selected for Interview in VENELITE

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<tr>
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<tr>
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<td>27</td>
</tr>
<tr>
<td>Political Sector</td>
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<td>42</td>
</tr>
<tr>
<td>Cultural Sector</td>
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<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>222</td>
<td>95</td>
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Note: The table does not show eight military men with the required scores (of 2.4 or higher to be included) who were not reached because they evaded the interviews.

Source: VENELITE
PART I
CHAPTER I

INTRODUCTION TO DEVELOPMENT, PLANNING, AND GROUPS

Perhaps one of the biggest hindrances to the understanding of development is that it is usually preceded by the word "economic." The insertion, actual or implied, of the word economic has had one consequence—the tendency to concentrate on the purely economic aspects of development. Moreover, the development problem has been categorized as economic mainly because the symptoms of underdevelopment are easily stated and explained in economic jargon and indicators, and to some extent these symptoms have come to be considered causes.

Thus, prior to the 1960's development was, almost by definition, a purely economic problem and as such was assumed to be susceptible to purely economic solutions. Consideration was given to one basic question: What does this country need to increase its standard of living? Historically the answer has been industry and more industry. This answer has had great acceptability because economic analysis can be used to demonstrate its adequacy. The problem arises when something goes wrong. Then, what happens?: Is the economic analysis unwarranted?; Is something interfering with the process?; If something is interfering with the process, is it external or
internal to the economy?; Can it be controlled? The contention can be made that this happens when too much reliance is placed on development to mean "economic development," to the extent of excluding social and political aspects of such development. This is especially, though not exclusively, the case in underdeveloped nations. In these nations the tendency has been to concentrate on the economic aspects of the process of development to the disregard of some basic parts of the "social infrastructures"—that is, basic social attitudes, political structures, one-crop economies, and land reform—which must be changed in order for "integral" development to be accomplished.

When reference is made to the need to alter social attitudes in the developing nations, we speak of a broad spectrum of notions. In some instances the prevailing attitude may be one of nationalism on the part of the government. This rigid spirit of nationalism may have grown, in part, as a reaction to past domination by imperialistic powers. One result of such nationalistic orientation may be that the developing country, when requesting aid from a major power, may be considered by the donor nation to be "irrational" in its demands relating to such an aid. For example, a certain nation may want aid from, say, the United States. But it may be completely unwilling to let the

---

1 In economic terms, development can be determined by the "social infrastructures"—basic social institutions (the way of doing things) of a nation—as well as by the public goods available, such as transportation, communications, health facilities, and education. Thus, "basically, these infrastructures will determine the extent to which a developing nation applies technology in the production of its goods." See the complete argument in Jack W. Nickson, Jr., Economics and Social Choice (New York: McGraw-Hill Book Co., 1971).
United States have any say whatever regarding the use of that aid. Consequently, the United States may either balk at giving the aid at all, or it may subject it to some conditions.

An additional prevailing social attitude which, in the opinion of the economist, must change if growth is to occur is "apathy." In many instances, in the developing country, the traditional or entrenched business class may have little or no interest in doing what has to be done in order to achieve economic development. He may feel that if any economic development is to take place it has to be accomplished their own way and other efforts may be disruptive to this pattern; or they may not even want to effect a change because it might be contrary to their interests.

The existing political structure may also impede economic development, and two extremes are commonly cited in this respect: a dictatorial form of government; or a very weak form of government. Many times the government may be quite dictatorial. Again, using the example of foreign aid, since a small elite will be ruling the country, and since most foreign aid is granted from one government to another, much of the aid may never trickle down to those for whom it is intended.

At the other extreme on the political spectrum, the developing nation may be characterized by a very weak government. In such cases the government may not be in a position to ensure the effective implementation of proper monetary and fiscal measures. Finally, there is always the possibility that the existing government may be overthrown by revolution. In the
circumstances, reasons the economist, a certain degree of stability is essential to the implementation of development measures.\(^2\)

Another term added to the concept of development, which is also identified with economic development, is "planning."\(^3\) The term "planning" can cause considerable amount of confusion. The confusion probably arises because planning is a pervasive phenomenon and is carried out by almost everyone almost all the time. Planning can be short-term or long-term, general,

\(^2\)An essentially similar argument, with some variations, is made by, among others, Paul A. Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1957); Albert O. Hirschman, *The Strategy of Economic Development* (New Haven: Yale University Press, 1958); Barbara Ward, *The Rich Nations and the Poor Nations* (London: Hamish Hamilton, 1962). When referring to political development as a pre-requisite of economic development, they point out that political and social conditions play a decisive role in impeding or facilitating advance in per capita income, and thus, it is appropriate to conceive of political development as the state of the polity which might facilitate economic growth. Lucian Pye takes a different stand on this view. "Operationally," says Pye, "such a view of political development tends to be essentially negative because it is easier to be precise about the ways in which performance of a political system may impede or prevent economic development than about how it can facilitate economic growth. This is true because historically, economic growth has taken place within a variety of political systems and with quite different ranges of public policies. This leads to the more serious objections that such a concept of political development does not focus on a common set of theoretical considerations, for in some cases it would mean no more than whether or not a government is following intelligent and economically rational policies, while in other situations it would involve far more fundamental considerations about the basic organization of the polity and the entire performance of the society. The problem of political development would thus vary according to particular economic problems in each country..., *Aspects of Political Development* (Boston: Little, Brown and Co., 1966), pp. 33-34.

or very specific, conscious or unconscious, but to be meaningful in any context, it must be accompanied by action, or, as James B. Christoph has put it referring to its prospects in Great Britain:

Planning for any economic goal . . . cannot be pursued in a vacuum. It must find its place in an area of activity limited by facts, institutions, and attitudes . . . . For Britain the limiting facts include the presence of a large and fairly well-educated population seeking to keep up a high standard of living on an island which, though fertile, is too small and short of resources to be self-sufficient. Planning must also be done within the framework of institutions that have evolved over decades or centuries and that have shown great resistance to quick change—for example, slow moving parliamentary democracy; a dedicated, decentralized, and largely conservative civil service; and a loose, uncoordinated, and class-oriented trade union movement. Relevant, too, are a number of pervasive attitudes, for example, that physical control should be resorted to only as a last resort . . . , that the humanely educated amateur makes better policy than the expert technician.

Planning could be conducted in different manners by different individuals, and, as such, it has also been defined in different ways. Essentially,


5Within the theoretical literature of developmental planning, for instance, a few basic themes hint at the central meaning of the concept. Thus, it is regarded as "a social process for reaching rational decisions . . . ," Robert A. Dahl and Charles E. Lindblom, Politics, Economics, and Welfare (New York: Harper and Bros., 1953); as the "rational application of knowledge to the process of making decisions," Sociedad Interamericana de Planificacion, "La Ensenanza de la Planificacion en la America Latina," San Juan, Puerto Rico (May-Sept., 1960); as the "process of preparing a set of decisions for action in the future," Yehezkel Dror, "The Planning Process: A Facet Design," International Review of Administrative Sciences (1963). Defined broadly it means "defining the goals of the national development effort, estimating and mobilizing the necessary domestic and foreign resources of money and skills, and allocating and guiding them to those specific uses which seem likely to make the greatest contributions to achieving the national goals," Gerhard
however, planning deals with decisions for the "rational" application of resources to specific uses or to attain specific goals. If planning is undertaken at the government level, three things can happen: (1) the government can decide that no decentralized unit, be it a business or an individual, should have control of the country's resources. The logic of this decision is that only the government will, in the normal course of its work, concern itself with the important cost and benefit considerations. Usually, this logic is augmented with the idea that governments are more likely to think of the long-term objectives of the country than are individuals or businesses. This type of logic leads to total-control planning of resource use within a country, which will not be effective unless there is a concomitant framework of constraints and coercions to physically command the resources and supervise their use;\(^6\) (2) the government can decide that people, as individuals or as groups within the country, are capable of including all relevant costs and benefits in their decision-making and can be trusted to do so. This logic, the essence of democratic philosophy,


\(^6\)This is the case of the Soviet Union. According to Lindblom, "in the Soviet Union, economic planning is [also] an attempt comprehensively to replace the 'irrational' forces of the market with rational calculation," op. cit., p. 10. See also Jan Tinbergen, Central Planning (New Haven: Yale University Press, 1964).
will lead to an absence of planning by a central agency. Effectiveness of this type of planning requires an apparatus that would enable people to make known their "vote" on resource allocation, either economically through buying and selling in free markets or politically through systems that ensure strict representation of all segments of society;\(^7\) (3) the possibility that is most prevalent, is for the government to centralize decision-making only with respect to certain resources and certain goal areas. This category includes all the possibilities between the two extreme cases outlined above. Thus, for example, government might take it upon itself to maintain a certain level of employment. To the extent that it manipulates the factors in the economy that affect employment on a systematic basis, the government is using central planning. It is saying, in effect, that it knows the benefits that can come with a 3 or 4 per cent level of unemployment, and is willing to pay the costs of disrupting the interplay of economic forces to maintain that level, when those forces unimpeded would lead to higher levels of unemployment.\(^8\)

\(^7\)This is the case of planning in France. Except in specific areas, there is no intent to bring the means of production under the state ownership. The aim of planning is to include those who are involved in production in the goal-setting process. In this way consumers, labor, management, and government together establish targets. Since they themselves have set the goals, then, cooperation to achieve these should naturally follow.\(^7\) In Great Britain, the establishment in 1962 of the National Economic Development Council (NEDDY), like the earlier French Commissariat du Plan, permits government to achieve a more informed coordination of price, investment, employment, and foreign trade policies with each other, Lindblom, \emph{op. cit.}, p. 9. For an excellent discussion of the similarities between the two systems of planning, see Christoph, \emph{op. cit.}.

\(^8\)In the United States, "the President's Council of Economic Advisers
The basic problem of central planning is, then, how best to coordinate the various elements involved in order to achieve a satisfactory rate of economic growth. It is necessary to decide whether to rely on the forces operating in the economy to provide the necessary coordination and determine the growth rate or to rely on some type of central planning for these functions. When the question of implementation is considered, government can do several things: the central agency can coerce cooperation from the owners of the resources; it can induce cooperation through a system of rewards; it can indicate profitable uses of resources; or it can take over ownership of the resources.

Planning in Latin America

According to analysis made by the Economic Commission for Latin America, it was becoming increasingly clear by the end of the 1950's that most Latin American economies did not possess the dynamism necessary to maintain moderately satisfactory rates of growth, eliminate serious trade and external financing deficits, control internal inflationary pressures, provide sufficient productive employment opportunities for a rapidly expanding labour force, improve the living conditions of the population, and fulfill rising expectations created by awareness of the vast possibilities generated by technological progress. Accordingly, the pivot of economic policy had to be economic

gives some kind of coordination to public policies bearing on employment, the price level, the balance of payments, and economic growth," Lindblom, op. cit., p. 9.
and social reform on all fronts. Technical studies were made to analyze Latin America's development problems. They recommended criteria for the definition of a development strategy, suggested methods of preparing projections, and helped to shape a comprehensive approach to such development. These projections, that were initially intended as basis for analysis rather than planning, prepared the ground and furnished methodological instruments for the formulation of plans.

However, it was not until the Punta del Este Conference in 1961, in Uruguay, that the United States and the Latin American governments "recognized that planning should be the fundamental instruments for mobilizing national resources for development purposes, bringing about and expediting the necessary structural reforms and changes, for increasing efficiency and productivity and for soliciting more international financial cooperation." Moreover, planning "was to constitute the essential means of tailoring efforts and external aid with a view to achieving a satisfactory development pattern and accelerating economic growth."

The Alliance for Progress—the result of this meeting at Punta del


10Special Meeting of the Inter-American Economic and Social Council at the Ministerial Level, held at Punta del Este, Uruguay, from 5 to 17 August 1961.


12Ibid., p. 21.
Este—also advanced the rationale to the effect that "planning was to be a substitute for any lack of coherence in the objectives and goals of the political parties"\(^{13}\) of these countries. As the planning agencies developed out of these commitments, they became new structures—within the traditional Latin American governmental set up—to contend with. Thus the first and most important task to be undertaken was the location of the same, for, according to the Economic Commission for Latin America, strong support at the highest political level for the central planning agency was essential in the countries attempting to introduce the mechanism. In order to achieve this support they were generally established in such a way as to become responsible to the Office of the President of the Republic. The reason for this was expressed by the Economic Commission for Latin America in the following manner:

> The direct link which exists in some countries between the head of the central planning office and the President of the Republic seems to impart greater flexibility to the central planning agency by forestalling the difficulties inherent in the operation of pluripersonal bodies, which in Latin America have, as a rule, proved to be slow-moving and lacking in dynamism . . . . \(^{14}\)

However, in those countries where the planning agencies are operating it has not been possible to institutionalize the planning process and the role of the planning agency has had to depend upon the personal influence and the prestige of the chief executive.


\(^{14}\)United Nations, op. cit., p. 22.
Planning and the Political Structures

The introduction of planning in Latin America was to serve also as the instrument to bring about structural and institutional reforms or, at least, to reshape and strengthen these, to ensure the effective implementation of proper developmental policies. Through the accomplishment of this, planning was to bring "stability" to the governments.

Specifically, in the opinion of the planners, there was no flexible administrative structures which could be adapted to functions and methods other than those enshrined by custom and tradition. Thus, it was thought that a major function of the planning agency was to promote the reorientation of governmental administration around the work of development, so that the discipline of the plans could be adopted in decision-making. This, in turn, was to require some institutional or formal organizational arrangements for the planning to be carried out, such as the organization of inter-ministerial committees, for purposes of improving the communication and coordination's functions within the administrative set up.

Planning was also supposed to improve participation in the furtherance of economic and social goals. It intended to enlist the cooperation of nongovernmental public or private organizations and institutions in plan formulation and implementation. Such cooperation and consultation, important in strategic sectors of economic activity, in the view of the planners, was to be organized in a manner suitable to the social and institutional conditions of each country.

In general, then, it was the opinion of the ECLA that in Latin America
the institutional framework was not adequate to ensure that instrumental economic policies (e.g., agrarian reform, fiscal reform, income redistribution—a factor that, in its opinion, was exerting marked influence in the area) were properly geared to developmental policy requirements. Thus, planning could help bring about such adaptation, and the effective use of such policies, resulting eventually in far-reaching institutional reforms, difficult to achieve in a short time.

**Planning and Political Responses**

According to the estimates of the ECLA, the need for planning the economic and social changes essential to the development process raises the problem of the political viability of the plans themselves, and the amount of effective support required by the planning effort. Thus, it has been stated that the success or failure of the national plans in the various countries in which planning has been adopted, is due to a complexity of factors: First, the ideas of planning have been associated with the centralization of power and authority for making decisions, concerning the economy and the various aspects of development, in the hands of the regime in power. They often encounter resistance from the traditional government administration, which is reluctant to institute changes and jealously guards its policy-making power against any possible transfer of authority which may imply a reorganization of the administrative structure to facilitate the establishment of the policy-making machinery

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which planning requires. Second, most of the difficulties in preparing and implementing development plans derive from the opposition they encounter, as instruments of change, from the ruling groups, in many of the Latin American countries. The problem of political support, in the view of the planners, is greater where the private sector is concerned. In such cases, antagonism is displayed by those in this sector who think that a development policy, such as income redistribution, is, or may be inimical to their interests; or that a development policy and its instrument—planning—may be an obstacle in the way to the fulfillment of their own aspirations. In such instances, the private sector has retaliated in several ways: by sending the capital out of the country thus undermining the development effort; or through a reluctance to cooperate with the planners, e.g., by withholding information essential to the formulation of the plans.

The above situation, in the opinion of the planners, is aggravated by the fact that, in general, the public sector is reluctant to establish interaction and communication with the private sector, and with other national opinion groups.

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16 Christoph has stated in the British case that "planning for growth almost by definition means that existing structures will be upset." Thus, concerning the inception of NEDDY in Great Britain, he continues: "There was in 1960, as there had been for at least a decade, considerable resistance to the idea of thoroughgoing government planning especially planning that would give top priority to economic growth. Some of the resistance was rooted deep in the culture; some of it was close to the surface, entrenched in the actors and institutions of politics . . . ," op. cit., p. 52. This kind of resistance to planning shows up in very political terms when proposals for rationalizing the economy run counter to the interests of a region of the country or a section of the population . . . ," ibid., p. 54.
representatives. In other words, rarely is any attempt made, during the formulation of the plans, to consult representatives of national opinion groups, such as parliaments, political parties, trade unions, universities, or employers' associations, or those groups more directly involved or affected by the implementation of the plans, such as private business entrepreneurs, consumer associations, or even those individuals situated in high decision-making level positions. In such cases the private business sectors have regarded planning as an imposition, and a meddling on the part of the government sector in areas, which the former consider traditionally reserved for them, therefore eliciting noncooperation from these sectors.

Groups

The term "interest groups" used here is the one used by Almond and Powell. According to them, an interest group is:

a group of individuals who are linked by particular bonds of concern or advantage, and who have some awareness of these bonds. 17

Specifically, the study will be concerned with "associational interest groups," defined by Almond and Powell as:

Specialized structures for interest articulation—trade unions, organizations of businessmen and industrialists, ethnic associations, and associations organized by religious denominations, and civic groups. Their particular characteristics are explicit representation of the interests of a particular group, a full-time professional staff, and orderly procedures for the formulation of interests and demands. 18

17 Almond and Powell, op. cit., pp. 77-78. 18 Ibid., p. 78.
The importance of groups in interest articulation has been the object of numerous studies. In modern political systems interest groups represent every conceivable social, economic, religious, and professional interests—the largest and most powerful groups speaking on behalf of the major social classes, are business, labor, and agricultural organizations. Thus, in most of these studies on groups, it has been stated that their description, their internal organization, access to decision-makers, and the way in which they exert influence are extremely important factors in the comparative analysis of political systems. But it has also been stated that it is a major function of these political systems to provide these groups with the opportunity to gain access to the policy-makers and make known their proposals or demands.

There are differences, however, in the manner in which interest groups in various political systems relate to the political process, and to the political parties, as well as differences in groups' interaction. In some cases groups interact within a given political party and compromise their differences; in other cases, compromise is made outside of the political parties or is not


21Macridis and Brown, "Political Dynamics," in ibid., p. 212.
made at all, leading to immobility; elsewhere, compromise is made possible by virtue of the fact that interest groups are 'colonized' by ideological parties so that interest groups mirror the ideological divisions of the society instead of causing them. Thus, while group theory assumes the existence of organized groups or interests that can be defined objectively, according to the above terms, and while it is further assumed that their members have a common perception of the interest(s) involved—which account for the formation of the group and its organization and articulation—any attempts to explain such differences in terms of a group theory have been found almost impossible.\footnote{23}{Macridis and Brown, "Groups and Group Theory," in Macridis and Brown, \textit{op. cit.}, p. 235.}

Macridis and Brown have tried to illustrate this difficulty portraying the different approaches used by interest groups in England and the United States. Say Macridis and Brown:

\begin{quote}
\ldots in England interest groups avoid large publicity campaigns and center their attention on the Party and the Cabinet, while in the United States interest groups perform important publicity and propaganda functions through the media of communication and canter their efforts on the electorate and legislature primarily.\footnote{24}{Ibid., p. 235.}
\end{quote}

In the case of France, George Lavau advances the hypothesis that "some pressure groups if not 'politicized' play an aggregative and integrative role that French parties do not play."\footnote{25}{George Lavau, in Ehrmann, \textit{op. cit.}, p. 61.} Continues Lavau:

\begin{quote}
\end{quote}
This is, for instance, the case with some peak organizations that include a variety of professional groups. Since it is [their] function to arbitrate or mediate possible conflicts between different member organizations, this role confers upon [them], in the eyes of the administrator and the politician, a considerable dignity.  

And Professor Henry W. Ehrmann says:

The political system, as well as the social structure, will often decide whether claims raised in the name of special interests will be successful or not; it may determine the 'style' used by pressure groups when raising their demands.

Specifically referring to the American context, David Truman, in attempting to classify the factors which give interest groups "effective access" to the institutions of government, distinguishes three sets of factors, namely: factors relating to a group's strategic position in society; factors associated with the internal characteristics of the group; and factors peculiar to the governmental institutions themselves. (Such classifications, though formulated in regard to American politics, may also have their place in a cross-national or even cross-cultural consideration of groups' activities.) However, others have advanced specific hypotheses concerning the working of groups within the same American context. Thus, V. O. Key, Jr. has stated that, 'interest groups' leaders will be listened to with respect not because they wield power but because they are perceived to be representatives of interests entitled to be

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26 Ibid., p. 61.
heard and to be accorded consideration . . . " Charles E. Lindblom has stated that "the big engine of interest-group participation in the play of power . . . is persuasion . . . that their education or persuasive work is typically more restricted—specifically, to showing the proximate policy-makers how a policy desired by the interest group squares with the policy maker's philosophy, values, or principles"; two other studies illustrate the influence of groups on legislative bodies: at the national level, R. A. Bauer, I. de Soola Pool, and L. A. Dexter, in their study on foreign trade policy-making, concluded that congressmen were heavily dependent on the help of interest groups in analyzing the implications of policies for their own basic values; and, J. C. Walke, Heinz Eulau, W. Buchanan, and L. C. Ferguson, in their study of states' legislatures, found out that interest groups perform a research and advisory role.

The above conclusions, then, tend to suggest and illustrate, not only the differences in groups' approaches, but also the limitation of groups' analysis as explanatory theory. However, it is not the purpose of this study to wrestle with group theory; the aim is to seek explanations for changes in the role and


functions of a group within a process of social and economic change, as indicated above. The importance of this aim, in analyzing groups, has been posed before by others. Thus, says Franz Newmann:

... our aim must be to analyze them in the context of social and economic change, and by studying their impact on the decisional process to move toward answers to questions posed by a theory of the democratic political process.33

Arnold Rose has also referred to the role of interest groups in social change and has categorized these roles as essential for political analysis. He puts it this way:

The role of interest groups in the long-run in distributing power, in inducing social change, and in helping the individual identify with political authority, are ultimately the most important relationships for political analysis.34

And, finally, Samuel Eldersveld has addressed himself to the same problem—that is, to the consideration of the role of groups in the process of social change, and to the implications of social change on interest groups, which he has considered as a neglected area in groups' analysis.35

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35 S. Eldersveld, in *ibid.*, p. 196. See also Bernard Brown and John C. Walke, *The American Political System* (Homewood, Ill.: The Dorsey Press, 1971), pp. 109-15. Eldersveld suggests a model in the American context, in which he views interest groups "within the total process," and as "responding to changes in the social order." However, he has conjectured as to whether or not the model has applicability in a foreign country. "It will
Generalizing for non-Western countries, Almond and others seem to be of opinion that one element in political development upon which they agree is that:

certain almost irreversible processes of social and economic change seem to drive political systems along certain very general but discernible paths of change in their own structure and culture. The most clear-cut of these forces of socio-economic change are related to the industrialization, technological, and scientific revolutions. 36

And according to Almond and Powell, these changes in the political structure:

provide not only additional channels through which existing groups can act, but . . . they also act as incentives for group formation . . . . 37

Generally speaking, in underdeveloped countries, interest groups are weak; and where they exist (e.g., peasants' and trade unions' groups), they are usually weakened by being subordinated to political parties. In Latin America, and specifically in Venezuela, the introduction of "planning" for the projected achievement of quick social and economic development has had an depend on the nature of [the] political institutions, the character of social change, and the norms of political behavior which exists." Theodore Lowi describes a "variant" in the American experience which, according to him, has been "the result of a developing crisis in public authority." This "variant" he calls "interest group liberalism . . . [which] sees as both necessary and good that the policy agenda and the public interest be defined in terms of the organized interests in society . . . ," in Brown and Walke, op. cit., pp. 116, 118.


37Almond and Powell, op. cit., p. 76.
impact on certain groups, and caused some of these to undergo certain changes in their functions and attitudes. In that country the business community has been a major force encompassing elements whose functions were practically unperturbed for decades. Its organization into a major federation, and its evolution as an institution, exhibits the characteristics of an associational interest group, as defined by Almond and Powell. The success or failure of "planning" and the planning strategy in effecting changes in the business community, and thus, in the institution, and the direction taken by the latter, are supposed to have determined, to a large extent, the success or failure of the planning strategy itself.

**Background of Planning in Latin America: The Alliance for Progress**

An Inter-American Economic and Social Conference was called at the initiative of the United States, and met at Punta del Este, Uruguay, in August 1961. At this meeting, governmental and economic financial officials of the American Republics agreed to establish the Alliance for Progress—"a vast effort to bring a better life to all the peoples of the continent." It set forth the common goals, methods, and ground rules for hemispheric cooperation to attain predetermined levels of economic and social growth in Latin America by 1970. The general goals of this ambitious project were set forth in the preamble of the Charter of the Declaration of Punta del Este as follows:

The Alliance is founded on the principle that free men working through the institutions of representative democracy can best satisfy man's desire, among other goals, for work, home and land, health and schools. The only system which generates true progress

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is one which provides the basis for reaffirming the dignity of the individual which is the foundation of our civilization.\textsuperscript{39}

Specifically, the countries signing the declaration agreed to work toward, among others, the following objectives:

To improve and strengthen democratic institutions through the application of the principle of self-determination by the people; to accelerate economic and social development to bring about a substantial and steady increase in the average income as quickly as possible so as to narrow the gap between the standard of living in Latin American countries and that enjoyed in the industrialized countries . . . ; to encourage, in accordance with the characteristics of each country, programs for integral agrarian reform, leading to the effective transformation where required, of unjust structures and systems of land tenure and use, with the view to replacing latifundia and dwarf dwellings by an equitable system of property . . . ; to wipe out illiteracy . . . to extend the benefits of primary education . . . and to provide broader facilities, on a vast scale, for secondary and technical training . . . ; to reform tax laws . . . ; to maintain monetary and fiscal policies which . . . will protect the purchasing power of the many . . . and form an adequate basis for economic development . . . ; to stimulate private enterprise in order to encourage the development of the American economies at a rate which will help them to provide jobs for the growing populations, to eliminate unemployment . . . ; to accelerate the integration of Latin America so as to stimulate the economic and social progress of the continent . . . .\textsuperscript{40}

The Declaration also "expressed the conviction of the nations of Latin America, that these profound economic, and social and cultural changes can come about only through the self-help efforts of each country. Nonetheless, in order to achieve the goals which have been established with the necessary speed, it is indispensable that domestic efforts be reinforced by essential external

\textsuperscript{39} Ibid., p. 8, col. 3.

\textsuperscript{40} "Text of the Declaration of Punta del Este," in ibid., p. 8, cols. 3-4.
Thus, the United States pledged its efforts to supply financial and technical cooperation in order to achieve the aims of the Alliance for Progress. President John F. Kennedy pledged to provide a major part of the minimum of $20,000,000,000, in public and private funds (but principally in public funds), for the common effort, over the next ten years, "if the Latin American countries delivered on the self-help and social reform commitments to the plan." He also described the efforts required as "similar to that which was needed to rebuild the economies of Western Europe." Along with the above commitment, the United States also "intended to furnish development loans on a long-term basis, where appropriate, running up to 50 years and at very low or zero rates of interest."

For their part, the countries of Latin America agreed to devote a rapidly increasing share of their own resources to economic and social development, and "to make the reforms necessary to assure that all share fully in the fruits of the Alliance." Under the terms of the Charter the countries of Latin America were committed to formulate comprehensive and well-conceived national "programs" for the development of their own economies as the

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41 Ibid., p. 8, col. 3.
43 Ibid., p. 49, col. 4.
45 Ibid., p. 8, col. 3.
contribution of each one of them to the Alliance for Progress. In order to assist in the formulation and examination of national development plans, independent and highly qualified experts were to be made available to the Latin American countries. Accordingly, a Latin American Economic Development Planning Institute was established in Santiago de Chile, as agreed upon by members of the United Nations' Economic Commission for Latin America at their annual plenary session, "to supply experts to Latin American countries and [to] carry out systematic research into economic development techniques." In addition, the Institute was to offer training courses there, and to sponsor shorter intensive courses within the participating countries. Personnel of these countries wishing to participate in the Institute could avail themselves of scholarships offered by the United Nations through the Institute. Edward C. Burks, writing in *The New York Times* describes the situation thus:

The Institute will maintain a pool of experts who will participate in training courses or who will go directly to participating countries on request. The idea is to speed the completion of national development plans as envisioned in the Alliance for Progress Charter.

The Planning Institute was to be an agency of the United Nations, and for which the agency and the Inter-American Development Bank pledged $4,000,000 toward the operating costs over "the next five years," beginning July 1, 1962.

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Of this total amount of money, the United Nations' Special Fund was to provide $3,000,000 and the I.A.D.B. $1,000,000. The staff of the Institute included sixteen specialists in economic and social planning with Raúl Prebisch as Director General.

The two weeks' meeting—referred to above—held in Santiago, was attended by more than one hundred planning and economic experts from the Latin American nations and the United States, and was designed to speed up economic and social planning under the Alliance. The emphasis "agreed upon was on short-term plans to get the aid program moving." This was so because during the first year of the program little advance had been made in evolving long-range development plans, though this was thought to be the "heart of the Alliance." To that effect also, a nine man panel of experts to act as advisers in the formation of national plans, under the Alliance for Progress, was set up.

Thus, the Alliance for Progress became "the largest single foreign-aid enterprise in the non-military field, and the principal ingredient of the United

51 The New York Times (January 10, 1962), p. 66. A requirement that distinguishes the Alliance for Progress from its predecessors is that a country to be eligible for loans or grants must first have to submit a national plan of integrated development. Every individual project must be shown to fit into this plan. This was again made clear by Teodoro Moscoso, the Coordinator of the program at the time, when in 1962 he rejected a request for aid totalling $300 million, because, as he said "a plan must be submitted," and because of "legal and technical flaws in hastily drawn plans." See The New York Times (February 16, 1962), p. 7, col. 4.
States' policy in Latin America. It sought to mobilize, through planning, in each country, the human, financial, and technical resources, with the purpose of raising the per capita national product of Latin America by 2.5 per cent annually, wipe out illiteracy among school age children, raise life expectancy by six years, and provide home and farms for millions of persons, all by 1970. Underlying the program was a basic hope that Latin America would be carried past the "take-off" point of self-sustained economic growth by the end of the decade.

However, the program ran into trouble right from the outset. Serious unrest in the hemisphere, such as the crises in Argentine and Brazil in 1962—by the completion of the first anniversary of the program—made officials wonder whether the Alliance for Progress could make enough of an impact to stabilize or correct some difficulties, and to prevent others from occurring. The program's fundamental philosophy was that Latin America's human and material development should come about within the scope of democratic institutions. However, the dangers to the Alliance were posed by tendencies toward the overthrowing of governments and by extremely nationalistic sentiments. As Tad Szulc put it:

The danger to the Alliance stems from tendencies in Latin America toward military dictatorships on the one hand and toward ultranationalism and far leftist sentiment on the other. Both tendencies may have paralyzing effects on the Alliance just as its economic and social development programs get started .... The ouster of

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democratic regimes would pull-off the main planks from under President Kennedy's concept of the Alliance....

Other attacks to the Alliance came from Communist propaganda which portrayed it as "a sinister Yankee scheme to perpetuate imperialism, and protect United States' economic interests of millionaire's associates of the United States in Latin America." Thus, the Alliance was being attacked both from the extreme Left and by powerful behind-the-scenes opposition from Rightist groups.

On the other hand, a growing number of Latin American diplomats and officials associated with Latin America, as well as some observers, were becoming convinced that the program's greatest weakness was its inability to make a political impact, and its inability to evolve a political and psychological policy closely related to its financial functions. This was held particularly necessary because the Alliance for Progress was seen on the political level as a major challenge to the Communists'-backed revolutionary pressures of the Cuban type. Thus, observers also believed "that to be in terms with the revolutionary spirit pervading Latin America, Mr. Kennedy's program [had to] inspire a sense of participation among the Latin American masses." This


55 Szulc, op. cit., p. 1, col. 5.

seemed to be the general view of those participating in the conference at the ministerial level celebrated in Mexico City in 1962. It was said at that conference:

A . . . discovery was that the virtual absence of political and ideological content in the Alliance, as conducted by Washington, has deprived it of the leadership that otherwise may have inspired the hemisphere and propelled it toward the required reforms and other policies representing what the United States is now fond of calling the 'democratic social revolution' . . . . In the absence of an interest in the Alliance that would have captured the Latin American imaginations and assured participation by the region's masses . . . the republics have proceeded with their individual crises originating in economic and social inadequacies and pressures and in deep political malaise. 57

Similar problems arose in the area of national planning—the heart and backbone of the Alliance. In the nearly two years after the program was instituted much of the funds had not been allocated because of lack of progress in planning and other areas related to it. Thus, wrote the New York Times:

. . . much of the $1,500,000,000 that had been committed remains undisbursed for lack of ordinary progress in planning, in clearing the technical and political underbrush for specific projects and in satisfying the prudent requirements of the Alliance's Charter for reform. Without them the program is vulnerable to the skeptics' charge that everything the Alliance stands for can be done as well under the less flamboyant 'foreign aid.' 58

Thus, of the six countries that submitted long-range national development plans to the Alliance's panel of nine "wise men," at the time, only two--Chile and Colombia--according to a report in The New York Times, "[had] even tentative

prospects of making preparatory headway [that] year." 59 Continues the report:

The plans of both countries have been delayed by lack of boldness and imagination, by technicians conducting business as usual, and an almost total lack of grass-roots' support for the difficult domestic reforms needed to make the plans work. 60

In none of these countries, then, were plans actually under way at the time. Thus, to accelerate planning the Alliance began to stress the usefulness of short-range plans, as indicated above. Of these development plans, Chile, Colombia, Bolivia, and Venezuela were for the ten-year span of the Alliance. It was due to this anomaly that Teodorc Moscoso, the Coordinator of the program at the time, indicated that:

future Alliance's proposals might be for a series of successive, short periods, embracing the ten-year development period in stages. The succeeding stage is to be formulated while the first stage is being applied. 61

59 The other four countries that had submitted development plans were Venezuela, Mexico, Bolivia, and Honduras. It was suggested back in 1962 that there should be established joint planning and execution's commissions involving the United States and national specialists in each of the nineteen countries participating in the Alliance. Under the present system development plans are elaborated by local planning boards, then the blueprints are forwarded to Washington for review by an international panel of economists and for the ultimate decision by the United States as to whether they should be financed. The advantage of having a joint commission is said to be that both sides share responsibility for the plans, thus eliminating one cause of possible resentment. See, for instance, The New York Times (March 12, 1962), p. 12, col. 7.


One last problem that beset the Alliance, and which still is very much an issue in Latin America, was the dispute raised concerning the role of government assistance and private investment in the Hemisphere. In 1963 a controversy developed concerning United States' business and Latin America's public opinion, revolving around the role of the two sectors in Latin America's development. The controversy led to charges of "economic imperialism" against the United States and of "socialism" directed both at the Latin American governments and at the reform-minded Kennedy Administration. It revolved around the question as to "whether United States' private investments in Latin America are sufficient to stimulate the area's rate of growth, and whether Washington's actions are required to encourage them."62 The root of the problem is to be found, however, in the launching of the Alliance for Progress, based on a new approach intended to completely break with traditions. Tad Szulc puts it this way:

While the earlier philosophy was based on the notion that Latin America could best develop through private investments supplemented when necessary by official loans for specific industrial projects and balance-of-payment deficits, the 'New Frontier's' policy stood for a brand new set of values. The Kennedy Administration proposed a program based on massive government development loans, insistence on fundamental internal reforms in the Latin American countries and centralized economic planning on the national and continental scale . . . . The philosophy was widely acclaimed in Latin America as the beginning of a new era in relationships with the United States. But, quickly, opposition to this concept of the Alliance began to emerge from conservative Latin American groups—mainly landowners and traditional business classes—that feared the reformist ideas of the Kennedy planners in the field of agrarian and taxation changes. From the outset,

62 Ibid., part IV, p. 4., col. 4.
opposition also arouse from the United States' business interests concerned about the safety of their traditional investments.\textsuperscript{63}

These views found their most articulate expression in 1963 in reports by members of the "Commerce Committee of the Alliance for Progress," a group of top businessmen named by the Department of Commerce to recommend methods to increase the participation of the United States' private capital in the hemisphere's development within the context of the over-all program. A separate memorandum by three members of this committee and a joint report by the full group proposed, in effect, "that the Administration switch policy emphasis, from governmental aid to private investments."\textsuperscript{64} The full committee's report also quoted Latin American businessmen as "charging that the United States was exporting 'socialistic ideas' and went on to state that while loans and grants are important 'private capital with its greater effectiveness and far larger potential is of the essence and is the basic long-term sustaining factor that can maintain a high rate of growth.'"\textsuperscript{65}

The philosophical implications of these recommendations were not lost in Latin America. A storm of protest arose even from the middle-of-the-road, normally pro-United States' groups; Communists and ultra-leftist groups reacted with a "we told you so" attitude. On the other hand, replying to the Committee's contention that "'between 70 and 80 percent' of Latin America's

\textsuperscript{63}\textit{Ibid.}, part IV, p. 4, col. 4.

\textsuperscript{64}\textit{Ibid.}, part IV, p. 4, col. 4.

\textsuperscript{65}\textit{Ibid.}, part IV, p. 4, col. 4.
economic activity was based on private enterprise, and on the 8 billion United States' investment, the Latin Americans pointed out that "much of this activity traditionally had been of a predatory nature." The controversy still goes on—as is the case in Venezuela—as to whether private investments are better than government loans, or vice versa.

Commitment to Planning in Latin America

It was not, then, until the Punta del Este Conference in 1961 that the Latin American governments "recognized that planning should be the fundamental instrument for mobilizing national resources for development purposes, bringing about and expediting the necessary structural reforms and changes, for enhancing efficiency and productivity, and for securing more international financial co-operation" for those countries. Since then, virtually all the Latin American countries have prepared plans of different kinds and scope. At the same time, the plans have been analyzed and assessed by regional organs which have helped to sustain planning efforts by bringing them into line with the volume and orientation of foreign financial assistance.

Planning, then, is a relatively recent phenomenon and began in very special circumstances. Until that time, no experience had been obtained in this

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66Ibid., part IV, p. 4, col. 4. 67Ibid., part IV, p. 4, col. 4.

68Special meeting of the Inter-American Economic and Social Council at the Ministerial Level, held at Punta del Este, Uruguay, 5-17 August, 1961.
field, apart from some preliminary experiments and certain sectoral programs and the very idea of planning was very much resisted. In the various Latin American countries there was no flexible administrative structure that could be adapted to functions and methods other than those enshrined by custom and tradition. It is believed that all the countries now have the necessary machinery for the preparation and orientation of plans (offices and general plans); that "the criteria used in the allocation of resources are becoming more rational, especially in the public sector, and, last, but not least, that planning has become a widely accepted idea. 69 On the other hand, it is believed that "further improvement upon the progress already achieved will meet with a number of obstacles and limitations that have been emerging, and this suggests the need for a second stage in which more workable systems of planning would be set up, participation in the preparation of plans broadened, and the institutional reforms required for really effective planning . . . carried out." 70

As planning was a new function of government in Latin America, the first task to be undertaken was the establishment of special planning organs or structures. The nucleus was formed by the central planning offices, which evolved in different ways depending on the extent to which they were accepted as part of the traditional structure of government. Generally speaking, they were established in such a way as to become directly responsible to the Office of the


70 Ibid., p. 2.
President of the Republic. In some cases, an intermediary advisory body was set up, acting in a liaison capacity between the planning office and the President and his Cabinet, in which the major decisions are discussed and weighed.

As a rule, the planning bodies act in an advisory capacity to the top-level political authorities. They often have other duties, however, such as helping to prepare the annual national budget estimates, advising on the external financing of particular investment projects, and coordinating foreign technical assistance.

Obstacles to Implementation of Planning in Latin America

Though it is assumed that planning in Latin America has made a number of important advances in certain aspects, it still has serious weaknesses and improvement of implementation of planning and the plans is still being hampered. Some of the obstacles stem from internal factors, ranging from the most general, including the political stability or amount of political support that planning efforts actually should enjoy, to factors more directly related to the actual operation of the planning machinery. The concern here, however, is with the former.

The "need" for planning as an instrument for a coherent development policy has, for diversed reasons, political or otherwise, been generally accepted by the Latin American governments, though there has been no effective unity as regards planning aims and basic priorities. However, the need for planning the economic and social changes essential to the development process
raises the problem of the political viability of Latin American plans and the amount of effective support required by the planning effort.

Thus, it has been stated by the planners that the failure or success of national plans in the various countries in which the concept of "planning" has been adopted is due to a complexity of factors: First, the ideas of planning have been associated with the centralization of power and authority for making decisions concerning the economy and the various aspects of development in the hands of the regime in power. Second, the plans generally encounter resistance from sectors which feel threatened by specific measures or are exerting pressure for a larger share of the national income. At the same time, they often encounter resistance from the traditional government administration, which is reluctant to institute changes and jealously guards its policy-making power against any possible transfer of authority which may imply a reorganization of the administrative structure to facilitate the establishment of the policy-making machinery which planning requires. (As a rule, the planning agencies are supposed to assist the top level policy-makers in an advisory capacity.) Third, many of the difficulties in preparing and implementing development plans derive from the opposition they encounter, as instrument of change, from the ruling groups in many of the Latin American countries. Antagonism is displayed by those who think that a development policy is or may be inimical to their interests; indifference is shown by other groups which feel that development policy and its instrument—planning—may be an obstacle in the way to the fulfillment of their own aspirations. Another factor that has helped to
shape the attitudes of the ruling classes to planning is their disillusionment at not seeing the substantive changes in methods of external cooperation which planning was expected to bring. Thus, the Development Planning Committee says:

In some of the ruling groups in Latin America, the idea has prevailed that, since planning has been declared part and parcel of an external cooperation programme in the inter-American context, it is a device that enables countries to ward-off or compensate for the effects of the chronic instability of the external variables influencing the development process, especially foreign trade, and to obtain the supplementary resources they require to implement their development policy.71

This experience, then, has led some of the ruling groups in Latin America to look on planning as a discipline which hampers their freedom of action without bringing worthwhile advantages at the international level.

The problem of political support is greater where the private sector is concerned. Resistance is inevitable whenever plans incorporate decisions to institute changes affecting specific situations. This is aggravated by the fact that, in general, there is a lack of communication between the planning organs and the private sector. On the other hand, rarely is any attempt made, during the preparation of the plans, to consult representative national opinion groups (parliament, political parties, trade unions, employers' associations, universities, etc.), or the sectors directly concerned (entrepreneurs, consumers' associations, importers, exporters, etc.).

71 Report on the Second Session of the Development Planning Committee (E/4362) held at ECLA headquarters (Santiago, Chile, 10 to 20 April 1967), in United Nations, op. cit., p. 22.
In this atmosphere of opposition, it would seem that some sort of "strategy" for introducing planning machinery would be needed, which would alleviate such friction, as far as possible, so that planning could be progressively built into the administrative structure and procedures, while preserving the stability of the system.

Thus, the institution of planning has manifested shortcomings in Latin America. It has been isolated from the traditional channels of administration and decision-making and at the same time saddled with the responsibility of preparing a development plan with a minimum of guidance from the political authorities or none at all. In the circumstances, the plans which have been drawn up have not been discussed in sufficient detail by the various government policy-making executory organs, and therefore have created resistance in the Ministries and decentralized agencies.

In order to obviate most of the problems described above, several countries have tried to find some justification for making the central planning office a division of the Office of the President of the Republic, since the support of the Chief of State and his Cabinet seem to be a must for the satisfactory operation of the central agency. Thus, in most of these countries a direct link has been established between the head of the planning agency and the President. Another measure taken has been to give the head of the planning agency ministerial rank or a voice in the Cabinet, so that he does not find himself at a disadvantage—the technical director is exposed to political pressures and is often replaced when the government changes. It is believed that all these
measures have prevented or forestalled some of the difficulties inherent in the operation of pluripersonal bodies.

Content of Plans and General Problems

In the majority of the cases, the planning offices in Latin America prepare "general, medium, and long-term development plans, " for periods ranging from four to ten years. The plans usually consist of a diagnosis, a set of projections and over-all and sectoral targets, a statement of the particular social goals, a broad assessment of the changes required and of the fields for the application of economic policy, and some indications concerning research and utilization of specific natural resources, public investment targets, and estimates of external financing requirements.

However, according to the Economic Commission for Latin America, there are some problems concerning the content of these. Thus, the Commission says that:

there is a lack of a clear definition of development policy which is reflected in the fact that the growth targets in long-term plans are not usually expressed in terms of the employment, and training of human resources . . . . Most plans do not deal with such problems as unemployment and little attention is devoted to, among other things, the educational pattern of the employed population. 72

Concerning the problem of income concentration in Latin America, the Commission states:

The plans often allude to this problem in the diagnosis, and list certain general palliatives (absorption of the unemployed,

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72United Nations, ibid., p. 12.
increases in productivity, and/or price and wage, tax, public expenditures and education policies); but these statements of principle are not translated into specific terms, nor is allowance made for the effects of the targets established in the plans, and in the proposals for attaining them, on income distribution. 73

Another important problem the Commission alludes to, is the one dealing with the allocation of resources to particular sectors. Says the commission:

Although a broad and integrated view of development in which economic and social factors are closely interrelated has been gaining wide acceptance in Latin America, there remains the specific practical problem of how to decide whether to allocate funds to particular 'social services' (education, housing, public health), or to apply them to enlarge the economic infrastructure and the immediately productive field of the economy. In the absence of objective guidelines, decisions are influenced in the end by circumstantial factors, such as the power of the authorities responsible for the respective fields, or practical considerations of the moment. Through force of circumstance rather than as a result of deliberate policy, there has been a rapid increase in the relative proportion of social expenditures in most Latin American countries, and this process has been encouraged by the direction taken by foreign aid over the last few years. 74

Efforts to Make the Plans More Effective

The cooperation of the Economic Commission for Latin America, and later of the Institute for Economic and Social Planning, have been extended to cover the provision of advisory services for the purposes of organizing and establishing planning machinery and formulating plans. Several countries have obtained the cooperation of "advisory groups," set up by these international agencies most often with the participation of the International Development Bank

73 Ibid., p. 12. 74 Ibid., p. 12.
and the Secretariat of the Organization of American States, or with occasional advisory services in specific fields.

In addition to these direct forms of external technical cooperation, there are a number of different ways in which planning is said to have been enlarged in scope and made more effective. The panel of experts established under the agreements contained in the Punta del Este Charter, whose function is to evaluate plans and make recommendations on external financial assistance, was instrumental in "improving the plans and strengthening national planning systems." The Inter-American Committee in the Alliance for Progress was subsequently established as a Committee of the Inter-American Economic and Social Council to make an annual review of the economic situation and the implementation of the plans in each country, and to estimate the amount of external financing required. The contribution of the Inter-American Development Bank to the development of the region took the form, _inter alia_, of financing regional programs, national planning organs, and international and regional agencies engaged in planning. The expansion of the activities of international financial institutions (IBRD, United States' Government agencies, and others), is believed to have stimulated the preparation of investment projects and helped to improve their quality.

**Summary and Conclusion**

This chapter examined development and planning as principles and

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surveyed the literature on groups. Concerning the concept of "development," this has been categorized mainly as economic development because the symptoms of underdevelopment are easily stated and explained in economic jargon and indicators. Thus, prior to the 1960's development was almost by definition a purely economic problem and as such assumed to be susceptible to purely economic solutions. Consideration was given to one basic question: What does the country need to increase its standard of living? Historically, the answer has been industry and more industry. The answer has had great acceptability because economic analysis can be used to demonstrate its adequacy. The problem arises when something goes wrong. Then, the question arises as to whether there is something external or internal interfering with the process. The contention is made that this happens when too much reliance is placed on development to mean "economic development" to the extent of excluding social and political aspects of such development, which must be taken into consideration. This is especially the case in underdeveloped nations. The tendency in these nations is to concentrate on economic aspects of development to the disregard of some basic parts of the "social infrastructures," such as nationalistic attitudes, or apathy on the part of some elites. It could also happen that no attention may be paid to the political structures themselves, e.g., dictatorships, or weak governments, which must be changed in order for "integral development" to be accomplished.

Another term that is associated with development is "planning." The term can cause considerable amount of confusion because planning is a
pervasive phenomenon that is carried out by almost everybody all the time. It could also be conducted in different manners by different individuals and, as such, it has been defined in different manners. Essentially, however, planning deals with decisions for the "rational" application of resources to specific uses or to attain specific goals. Certain things can happen when planning is undertaken at the government level. Among these the most prevalent is for the government to centralize decision-making only with respect to certain resources and certain goal areas. This category offers many possibilities for the government. Thus, for instance, the government might take it upon itself to maintain a certain level of employment. To the extent that it manipulates the factors in the economy that affect employment on a systematic basis, the government is using central planning. To that extent the government is also willing to interrupt the interplay of economic forces to maintain that level when, if unimpeded, these forces would lead to higher levels of unemployment. The basic problem of central planning is the question as to how best to coordinate the main elements involved to achieve a satisfactory rate of economic growth. For the government it is necessary to decide whether to rely on the forces operating in the economy to provide the necessary coordination and determine the growth rate, or to rely on certain types of central planning for these functions. When the question of implementation is considered government can either coerce cooperation, induce this cooperation, indicate profitable uses of resources, or take over ownership of these resources.

The chapter went on to indicate the necessity for planning in Latin
America, advanced by the Economic Commission for Latin America, in order to provide the necessary dynamism to the economies of the area. The Commission advanced this necessity for planning also to maintain moderately satisfactory rates of growth, eliminate deficits and inflation, effect agrarian reforms, redistribute income, and provide employment opportunities for an increasing population. Planning, as recognized at the Conference of Punta del Este in 1961, by both the United States and the Latin American governments, should be the instrument for mobilizing national resources for developmental purposes and to bring about structural reforms and change, as well as a way to solicit more external aid. It was thought at Punta del Este that the institutional framework in Latin America was not adequate to ensure that such economic policies as Agrarian reform and income redistribution were properly geared to deal with policy requirements. Thus, planning was to bring such adaptation—the use of such policies resulting eventually in institutional reforms. In other words, planning was to effect changes in functions and methods enshrined by custom and tradition. Finally, planning was to substitute for lack of coherence in the objectives and goals of the political parties and to bring "stability" to the governments. In this regard, planning was intended to enlist the cooperation of nongovernmental publics and private organizations and institutions in plan formulation and plan implementation, thus improving participation in the furtherance of social and economic goals.

As planning structures developed they encounter problems concerning their location. According to the Economic Commission for Latin America
strong support at the highest level of government was essential for the central planning agencies. Thus, in order to get the support needed they were generally established in such a way as to be responsible to the office of the President of the Republic. However, the need for planning the social and economic development raised the problem concerning the political viability of the plans themselves, and the amount of support required by the planning effort. Thus, in the opinion of the planners, as the structures developed, they have encountered problems of various kinds, because planning has been associated with the centralization of power and authority for making decisions concerning the economy in the hands of the regime in power. The most serious difficulties in preparing and implementing the plans are supposed to come from ruling groups. The problem of support is supposed to be greater where the private sector is concerned, because the planning strategy for development may be inimical to this sector's interests, or because a development policy may be an obstacle in the fulfillment of the sector's aspirations. Thus, it has been thought that this sector has withheld information essential for planning or has been reluctant to cooperate. In such cases, the private sector is thought to have regarded planning as an imposition and a meddling, on the part of the public sector, in areas which the private sector considered traditionally reserved for them. This situation, in the opinion of the planners, is aggravated by the fact that the public sector is reluctant to establish interaction with the private sector and other national groups.

Another term examined in this chapter is "interest groups," and
especially "associational interest groups." Associational interest groups were defined according to Almond and Powell as specialized structures for interest articulation, such as organizations of businessmen whose particular characteristics are explicit representation of the interests of a particular group, a full-time staff, and orderly procedures for the formulation of interests and demands. The importance of interest groups has been the object of numerous studies and in modern political systems they represent every conceivable interest. There are differences in the ways interest groups express interest, and their internal organization and access to decision-makers are extremely important factors in the comparative analysis of political systems. However, any attempt to explain differences in terms of group theory has been found by many writers almost impossible.

The chapter indicated that the aim of the study is to seek explanations for changes in the role and function of a group within a process of social and economic change. The importance of such aim has been indicated by many writers such as Arnold Rose, Franz Newmann, and, especially Samuel Eldersveld who has addressed himself to the importance of considering the role of groups in the process of social change and to the implication of social change on interest groups. Eldersveld has considered this area a neglected area of analysis.

The definition and clarification of the concepts of development, planning, and groups will put in proper perspective, and will help us assess, the objective of planning and the planning strategy to effect economic development in
Venezuela, as well as the role and functions of the Federation of Chambers and Associations of Commerce and Production, within the planning process.

In Venezuela, though effective plans were not elaborated until 1960, legislation establishing a National System of Coordination and Planning was enacted on December 30th, 1958, as Decree 492, creating CORDIPLAN—the planning office. As spelled out in the legislation, planning in Venezuela was supposed to enlist the participation of the private business sector and to act as a "harmonizer of interests" in the social and political systems, in order to accomplish the economic and social goals contained in the plans. By "harmonizer of interests" was meant that CORDIPLAN was supposed to evolve a system of mutual consultation with the private sector and other groups and parties concerning developmental priorities in agreement with policies of the governmental regimes, coordinating these interests and, on the basis of these consultations and coordination elaborate a National Plan, as required by the Alliance for Progress. This concept of "harmonizer of interests," embodied also in the ideology of Acción Democrática—"Doctrine and Program of Democratic Action"—was supposed to be projected into the planning process. According to the ideology, planning was supposed to be a "convergence of class and national interests" in several areas—thus, the concept "harmonizer of interests" applied to planning. The objective of the Venezuelan government, through planning, was stated (as will be seen in more detail later on) as an "unmodifiable purpose" of the National Government of achieving rapid industrialization of the country in order to accelerate economic development. President Rómulo
Betancourt related this objective to the basic political goal of his administration of creating employment opportunities for the large unemployed sectors, and to raise the welfare level of the population. However, the business sector was to be counted upon for the achievement of these goals, though this sector was not to participate directly in the formulation of the plans as was the desire of the Federation of Chambers of Commerce and Associations of Production. This appeared to be so because the Alliance for Progress, which was channeling funds for planning purposes, was opposed to the private sector's direct participation in developmental decisions made through planning. Thus, the question of planning involving a "multitude of decision points" linked into a system, as portrayed by the legislation establishing CORDIPLAN, was theoretically conceived in the legislation but not intended to be put into practice. This is to have important implications for the study because the private sector raises the question concerning participation of the population in planning to effect social and economic goals, as spelled out by the objectives of planning in Latin America.

Thus, there are several points of objections that will be observed throughout the study and that are suggested by the above definitions of the concepts. These were raised by the business sector as represented in FEDECÁMARAS, concerning the State's intervention in economic development through planning. The State's intervention in economic development through planning entails the achievement of certain economic goals that are necessarily linked to certain political objectives, e.g., the redistribution of wealth, and the solution of the unemployment problem. But this state's intervention in the
economy was to conflict with the role and function of FEDECÁMARAS in the economy. The business organization represents to have the responsibility for the economic development of Venezuela. As will be observed in the second part of the study, the role of FEDECÁMARAS was defined, essentially, as that of "orienting the economic development" of Venezuela through "a harmonization of the different commercial and production interests first, on behalf of the business community and second, on behalf of the Venezuelan collectivity" or country. FEDECÁMARAS portrays as its function the study of the problems of the country in an "impartial manner" only in "function of the national interest," and then "indicates new routes" to be followed in economic matters, without excluding the social aspects. These essential roles and functions were the ones challenged by planning and the planning strategy. Thus, an inevitable conflict developed for FEDECÁMARAS had established that the economic development of Venezuela was the responsibility of the business sector represented by the institution. However, the Federation is not opposed to a program of economic development if this is planned by the government, but it states some conditions for the achievement of such program. The Federation believes, for example, that the concept of development should be based on a series of factors such as the creation and increase of the resources needed to effect the economic development. It was the opinion of the business institution that these resources were nonexistent. Thus, in the process of economic development FEDECÁMARAS assigns the state the task of creating the "social infrastructures" within which that development could take place. This is the pre-requisite for economic
development that was stated when "development" was defined. The Federation also assigns the State several other tasks besides the creation of adequate resources for development. It is the task of the State to provide the legal framework—a legal institutional order and the institutional norms—that would permit the enterprises to operate. The State should develop a good system of public administration necessary for the "rational" planning of the resources, and an adequate economic order to allocate these resources to the most urgent needs of the Venezuelan nation. However, within this program of development, the entrepreneurial task should be left to the private business initiative.

The above definitions and analysis are important because they provide the framework to observe the impact of the planning strategy on the role and function of FEDECÁMARAS, and the extent to which changes effected in the business institution affects planning and the planning strategy themselves.
CHAPTER II

BACKGROUND OF PLANNING IN VENEZUELA

Historical Precedents

Planning had some important precedents in Venezuela. Several of the ministries had had some formal planning operations, as with respect to transportation, public health, and urban forms. However, it was not until the decade of the Marcos Pérez Jiménez' dictatorship that Venezuela's future leaders--Rómulo Betancourt, et al--could recast their ideas in the form of a new ideology and supposedly master the art and techniques of economic planning. Several exogenous factors played a preponderant role in this: Venezuela's prominent leaders of Acción Democrática went elsewhere for their education. Between 1954-1956 Rómulo Betancourt was living in Puerto Rico. Under Governor Luis Muñoz Marín's influence, and from his own observations, Betancourt became convinced of the utility of national economic planning in a democracy. At the same time, Luis Lander, a close friend of his, was serving as consultant to the Puerto Rican government. Educated in city and regional planning at Harvard University, Lander impressed upon the future President of Venezuela the importance of planning and collected for him basic information on Puerto Rico's experience with "Operation's Bootstrap."
A key role in the institution of planning in Venezuela was played by the United Nations' Economic Commission for Latin America (ECLA). It was ECLA that fathered the development society as a "middle class doctrine." It also demonstrated the supposedly "political neutrality" of the technique.  

Thus, the Puerto Rican experience and ECLA programming came together in a fruitful union, "succeeding in making operational the concept of planning within a democratic framework in 1958."  

National planning also created its own conditions for survival. It supposedly dramatized in "facts and figures" (presumably as directed from above) the continuing gap between aspirations and current conditions in the country. It also put a high premium on its own effectiveness. On the other hand, the government was willing to give active support to the establishment of a workable planning process and make use of it in ways that seemed politically opportune.

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2 John Friedmann, *Venezuela: From Doctrine to Dialogue* (Syracuse: Syracuse University Press, 1965), p. 27. Friedmann also argues, impressionistically, that "the final spark that brought planning to Venezuela, was the profound social and economic crises that a decade of misrule had generated." Elsewhere it has also been stated that "planning was the instrument for overcoming the crisis facing the young democracy." See Gobierno de Venezuela, *Sistema Nacional de Coordinacion y Planificacion*, I, XIII.
The Political and Economic Setting

Prior to World War II—from 1900 to 1920—Venezuela was a traditional agrarian society whose economic base had not changed since the colonial period. During this period, the public sector played a largely passive role. According to one writer the situation at the time could be summarized thus:

The budget was a modest share of the gross national product, since revenues depended heavily upon duties on imports and were diminished by smuggling, inefficiency and extensive corruption. Fiscal and monetary policies reflected nineteenth century liberal economic theory, emphasizing private property, free enterprise, and the attraction of foreign capital to enhance economic progress.¹

By 1936, petroleum had become king, ruling the Venezuelan economy, signaling the decline of agriculture and beginning to transform the socio-economic foundations of Venezuelan life. By that time, petroleum was already earning over "90 per cent of foreign exchange," and accounting for almost "a 400 per cent rise in recorded governmental income in the period between World War I and World War II."⁴

While elites continued to think of the country as an agrarian society—the political strength of large landholders lingered on into the 1940's—labor and capital were shifting out of agriculture and into the urban areas and oil regions. Government spending for public works, transportation, and


communications accelerated this trend. Thus, public investment, together with expanding commercial and business activity, stimulated a rapid growth of urban income and expansion of urban markets in the 1920's and 1930's. At the same time, employment opportunities offered social mobility to a few thousands causing an expansion of the ranks of the middle class. One writer has estimated that "by 1940, an estimated 8 per cent of the labor force—about 100,000 persons—was employed in 'middle-class' occupations, nearly half in government and commerce." Of these, government employees and teachers included several thousands, as well as such trades as mailmen, and telegraph operators.

The death of Juan Vicente Gómez in 1935 cleared the way for the expanding urban middle-class to enter the political arena. A counter-elite led by Rómulo Betancourt, organized as the reformist party Acción Democrática (AD), challenged and eventually overthrew the political system sustained under Gómez's successor, Eleazar López Contreras in 1941, and Isaías Medina Angarita in 1945.

Since 1936, the struggle between competing political forces of the urban middle-class to control the pace and direction of modernization—despite the


sharing of many areas of similar perception imposed by the continuing experiences of Venezuela's past—has characterized Venezuela's development. On the eve of World War II, for instance, both AD and its conservative opponents viewed the country as an agricultural nation whose industrial potential was severely limited by underpopulation, a small domestic market, and a lack of technology. Alberto Adriani, Minister of Agriculture and Minister of Finance under President López Contreras, summarized this view as follows:

[A] country of scarce population, poor capital, with a market whose limitation does not permit the establishment of a prosperous industrial economy, Venezuela, for a long time will have to be an agricultural and mining country. This does not exclude the presence of some industries that have the possibility to live and even prosper.  

In other words, although agriculture no longer constituted the dominant sector of the economy, analyses of the period (such as the above), treated its revival as a panacea for distortions ranging from an adversed balance of payments and high cost of living to unemployment and the exodus of peasants from the countryside.  

A second area of agreement among the middle-class concerned foreign capital in Venezuela. The urban middle-class, including AD, had consistently

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7 Ministerio de Hacienda, Revista de Hacienda (Julio-Septiembre, 1937) as quoted in Schuyler and Zschock, op. cit., p. 97.

8 There are two opposite views concerning agriculture as such, one liberal and the other conservative. For the liberal view see Rómulo Betancourt, Problemas Venezolanos (Santiago: Talleres Gráficos "San Vicente," 1940, pp. 172-74; for the conservative view see Arturo Uslar Pietri, "Venezuela Necesita Inmigración," El Universal (Caracas, Julio 27 al 30, 1930).
welcomed foreign investment and technology as essential ingredients of industrial development. However, shared perception of problems did not mean agreement on a strategy of modernization. Thus, the conservative urban groups influential in the López Contreras and Medina governments from 1936 to 1945 favored economic development led by the private sector, with gradual and controlled growth of political participation. Universal suffrage and direct elections seemed less urgent to men whose participation in an exclusive political system was secured by family and socio-economic status as well as by talent. In other words, the conservatives were reluctant to subject their recently acquired political power to popular vote by rural masses about whose presence they did not feel secure.

However, the above conservative position was challenged from the left by Acción Democrática. Its leaders based their approach to modernization on immediate, widespread political participation and a dynamic interventionist role for the state as the primary agent of socio-economic development. Their

Though A.D.'s view concerning foreign investment in Venezuela was modified substantially during the second part of the decade of the 1960's. Also there are divisions within the middle-class concerning their views of the role of foreign investment in Venezuela, and as to whether or not this should be regulated and limited through legislation.

Schuyler and Zschock, op. cit., p. 97.

For a broader discussion of these views see Ramón Díaz Sánchez, Transición (Caracas, 1937), pp. 124-27; Eleazar López Contreras, Gobierno y Administración: 1936-41 (Caracas, 1966), pp. 9, 12, 18-19. Throughout most of this decade, the right to vote was limited to literate males, in a country whose population was largely illiterate. Schuyler and Zschock, op. cit., pp. 97ff.
economic ideology did not reject capitalism and free enterprise, but believed that long years of dictatorship under Gómez had left Venezuela's private sector too weak and unimaginative to lead the development process. Thus, lacking the political power to apply its solutions, the AD party sought to organize the rural and urban population into parties, labor unions, peasants' leagues, and professional associations that could be used as sources to force open the political system.

The Acción Democrática party, then, along with some young military officers joined forces and overthrew the regime of General Isaías Medina Angarita in October 1945. Upon assuming political control of the country, the AD leaders soon demonstrated the modernization strategy they intended to follow. The strategy is described by Schuyler thus:

[](T)hey revised the political system to allow the hitherto disenfranchised masses to vote in direct elections for the President and legislative representatives; they encouraged the organization of rural and urban workers' unions, and, with considerably less vigor, supported the creation of new parties; taxation policies were redesigned to give Venezuela a larger share of revenues from the petroleum industry; and public investment channeled into import-substituting industries, education, and public health programs, and in programs

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12 As the years went by, as will be seen, this distrust became mutual. The private sector did not have confidence in the leadership of A.D. to carry on the economic development of Venezuela.

aimed at redistributing rural income and improving agricultural production.\textsuperscript{14}

However, these economic policies did not constitute a complete break from directions already set in the 1936-1945 decade. Efforts to protect the economy from the adverse effects of World War II made by the Medina administration, set precedents for expanding the role of the state in socio-economic development, and the constitutional reforms of 1944-45 took limited steps toward enlarging political participation.\textsuperscript{15}

AD's experiments in participatory development, however, lasted only three years. In November 1948, a military counterrevolution, led by essentially the same military officers who had collaborated with the AD party in 1945, overthrew the regime of Rómulo Gallegos, Venezuela's first president to be elected under a system of universal suffrage and direct elections. For the next ten years, a military dictatorship headed by Marcos Pérez Jiménez ruled Venezuela. These years of dictatorship were marked by substantial economic growth, but an almost complete neglect of the agricultural sector.

\textsuperscript{14}Schuyler and Zschock, \textit{op. cit.}, p. 98.

\textsuperscript{15}Ibid., p. 98. Professors Schuyler and Zschock try to establish the view, in opposition to others'—e.g., Friedmann, and others writing on A.D.—that there has been a "thread of consistency in the political and economic directions followed [by the middle-class] since 1936." According to them, "there is the mistaken view, that conservative middle-class leaders were concerned with national economic independence, rural development, and improving the socio-economic welfare of the masses; they did emphasize more \textit{moderate} approaches than did A.D. and moved slowly and hesitantly toward implementing their goals." The important factor here is, then, that "Venezuela's urban middle class . . . reveals important threads of consistency in the economic and political directions followed since 1936," ibid., p. 98.
Representative democracy returned to Venezuela in 1958. On January 23, 1958, after the dictatorship of Marcos Pérez Jiménez was overthrown, the leaders of the three major parties—Acción Democrática, the Comité de Organización Política Electoral Independiente (COPEI), and the Unión Republicana Democrática (URD), signed a pact to join in coalition behind whichever candidate emerged triumphant from the forthcoming elections. The elections were held on December 7, 1958, and A.D., with Rómulo Betancourt as its leader, emerged the winner with 49 per cent of the vote. A.D. 's support came principally from the country's interior provinces and rural areas; its weakest showing being in the capital city of Caracas.

Betancourt took office on February 13, 1959, and the coalition was formed as agreed, bringing with it an overwhelming control of the National Congress, as well. The situation, however, was not long in deteriorating. Interparty bickering and several crises split the coalition,\(^\text{16}\) causing it to lose its hold on the Chamber of Deputies, but retaining control of the Senate.

It was under the auspices of A.D. that a "Preparatory Commission for a National System of Coordination and Government Planning" was appointed, early in 1958, a few months after the provisional government took office, to draft a proposal and the necessary legislation for the formation of the same. The commission was headed by Enrique Tejera París, a social scientist and

\(^{16}\) According to Schuyler and Zschock, however, "the election . . . only proved to be the point of solidarity among the urban middle class parties, and political hostilities soon undermined the coalition . . . ," ibid., p. 98.
collaborator of Betancourt, and in it were represented all the major political parties. According to John Friedmann:

The commission reflected the philosophy that planning, rather than being the exclusive responsibility of a single agency, involves a multitude of decision points which must be linked into a system . . . [thus] making 'coordination' co-equal with planning. What was to distinguish national planning from other forms of decision-making was, accordingly, a method by which a diversity of interests and programs might be welded into a total conception. 17

Thus the system of planning was meant to transcend partisan interests; its inspiration was to be drawn from the critical needs of the nation, hoping that the nation would stand together in the contest with poverty and injustice.

The commission's report was submitted in the fall of 1958, and legislation establishing the Central Office of Coordination and Planning (CORDIPLAN) was enacted on December 30th, 1958, as Decree No. 492. 18 In its report, the commission asserted that the idea was not the creation of a new ministry. 19 Says the report:

At issue is not the creation of a new ministry nor a costly bureaucratic apparatus duplicating what already exists. It is rather to forge a common habit of prevision and to sustain long-term policies in a coordinated fashion. In short, it is to introduce a new dimension in government, opposed to improvisation, to neglect of


18The Commission's Report has been published under the title, Sistema Nacional de Coordinación y Planificación, Informe Presentado a la Junta de Gobierno de la República de Venezuela por la Comisión Preparatoria del Sistema Nacional de Coordinación y Planificación Gubernamental, vols. 1 y 2 (Caracas, 1958).

19Though current trends seem to be pointing in that direction.
investments, and to the wastage of resources.\textsuperscript{20}

Thus the planning act, according to the language of the report, was to signify a major structural change in the method of public administration in Venezuela, and which was to affect the whole governmental system.

\textbf{The Social Context}

Some writers have advanced several reasons as to why national planning came to be "institutionalized" in Venezuela. Among these, Friedmann, in particular, advances some "answers," among which the "emergence of a new middle class ideology" made out of three component elements, is said to have been the deciding factor:

Planning was introduced as one element of a new middle class ideology which found expression in the concept of a 'development society.' This ideology also included nationalism and economic development among its principal terms, besides planning.

..., By nationalism [is] meant the overriding values of the national interest as the highest public good; group and class-centered policies were emphatically rejected and replaced by national objectives. A second meaning of nationalism was 'autonomy'--the elimination of foreign influence, particularly of the oil corporations, over government policy. The shaping of policy was to be done by Venezuelans for Venezuelans, with 'national interest' as an ultimate criterion of choice.

The second element of the new middle class ideology was economic development, signifying over all economic expansion, improved welfare, and modernization of economic life. Its concrete manifestations were advocacy of diversified resource and individual development; further rapid urbanization; emphasis on the achievement of high educational and health standards;

\textsuperscript{20} Commission's Report, p. xii; also quoted in Friedmann, \textit{op. cit.}, p. 15.
erradication of poverty in all its forms; and creation of opportunities for unrestricted upward mobility.

The third element was planning, which was advanced as the instrumentality for the rapid attainment of the national objectives... 'Planning,' according to Betancourt, 'is the inevitable slogan of our time.'

And, continues Friedmann:

... the ideological component of planning was its public image as an efficient instrument which, in the skilled hands of economists, and technocrats, would quickly lead to the fulfillment of national aspirations.

Apparently, what made the "ideology" so attractive to the "new middle class" leadership, as a means for obtaining political support, was that it supposedly pointed to a convergence of class and national interests in several areas. Thus, concludes Friedmann:

If the middle class was served by industrialization and the creation of mass markets, for example, so was the nation as a whole.

All the above, however, was seen through technocratic eyes, without taking into consideration the "dualism" of the Venezuelan society. This assumed monolithic structure of the society also led many to the false assumption that there was little basic disagreement with these general purposes, as

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21 Friedmann, ibid., pp. 17-18, 20, 21, 22; Rómulo Betancourt's quotation is from the V Mensaje Presidencial, p. 29.

22 Friedmann, op. cit., p. 22.  
23 Ibid., p. 23.

24 This point concerning the "dualistic nature" of the Venezuelan society has been elaborated by Arístides Calvani in "Introducción a la Realidad Social," Venezuela, la Realidad Nacional '68 (Caracas: PEX, 1968), pp. 247-64.
revealed by the political debates in 1963. These "little basic disagreements," according to Friedmann:

... help explain the tolerant attitude of the middle class, its willingness to compromise issues in a programatic way, and its leanings toward a pluralistic social order. 25

The ideology, then, was defined in the "Doctrine and Programs of Democratic Action" (A.D.) and adopted by the party in August of 1958. 26 It was rooted in the concept of a "development society"—a society committed to progress in all phases of life. However, the question of general participation on the part of society in the same—the "pluralistic social order," whatever its meaning within the Venezuelan context—is a goal that, as will be seen later on, is far from being accomplished. 27

The Evolution and Place of the Planning Agency within the Venezuelan Administrative Structure

The coming of the new regime did not signal a break with past traditions for the society as a whole, or even for the public administration. Traditionally, the various ministries and autonomous institutes behaved as separate, independent empires. Interference of one agency into the affairs of another was not tolerated. Each ministry was responsible for defining and executing its

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27 The "middle class ideology" has been rejected by many such as A. Uslar Pietri and Maza Zavala, as catering especially to certain groups and neglecting others.
own programs; consultation was kept to a minimum. Often the same autonomy was supposedly exercised between departments of the same ministry. In the allocation of public resources, there seem to have been no concept of national priorities or considerations of alternatives. A project was judged on its engineering or political merits; economic criteria rarely entered. Thus, the introduction of CORDIPLAN's influence into the process would necessarily mean a decline in the relative influence of other participants. This influence is supposed to have been helped by the deep commitment and complete support of the President of the Republic, without which CORDIPLAN would have been doomed to failure. The "strategy" chosen for its establishment was to lower resistance to change through persuasion and the creation of an image of objectivity and fairness, and "only occasionally and gently invoke the pressures of Presidential authority."  


The relations established between CORDIPLAN and the ministries were crucial to the former's success and it was likely that the latter would feel challenged by CORDIPLAN's bid for influence. Besides selling the concept of planning, CORDIPLAN would have to convince the ministries that "it was a serious, competent, and politically unbiased agency, that would be guided only
by an objective analysis of the national interest."\textsuperscript{30}

There was, as expected, substantial resistance to the idea of a central agency forcing the speed and shape of administrative reforms. Ministerial sovereignty was jealously guarded. It is said, however, that some of this resistance had faded only gradually, and that by 1963, relations with some economically important ministries, e.g., the Ministry of Agriculture, were still cool.

Another problem with which the introduction of the new structure had to cope was the essentially skeptical business community, mainly represented by the Venezuelan Federation of Chambers and Associations of Commerce and Production (FEDECÁMARAS), the politically powerful highest-level representative and spokesman of the nation's private business community, and by Asociación Pro-Venezuela, an intensely nationalistic organization uniting several hundreds Venezuelan business firms in an effort to promote the industrialization of Venezuela by and for Venezuelans. Supposedly, efforts on the part of government officials to enlist the participation of these sectors were made at the initial stages of the planning effort, without much success. According to the decree, the planning process should include consultation with the private sector and with regard to this sector, consultation was minimal during most of CORDIPLAN's first four years. Business was initially apprehensive of the announced

\textsuperscript{30}Levy, Jr., \textit{op. cit.}, p. 56.
administration's goals of "income distribution," and interpreted planning to mean greater government incursions into the private sphere. Protests were heard also, at the inclusion of planning in a development ideology where it seemed to convey the meaning of a centrally directed socialist economy. The main issue of contention was the extent to which government should become involved in the areas of decision-making reserved, by tradition, to the private sector. Thus many businessmen were suspicious of the government's intentions to the point of hostility. However, without the active participation of this group, plan targets and policies were, and are, not likely to be attained in Venezuela.

The arguments between both public and private sectors were seen by Cordiplanners as basic "differences in ideology" that could only have made attempts at collaboration breakdown, creating more bitterness than if there had been no consultation at all. Thus, it was decided, as "specific strategy," to invite comments from the business sector on the development plans after these had been prepared. Small modifications might then be made on the basis of these comments. In addition, the sectoral divisions of CORDIPLAN had supposedly established some "informal" contacts with certain segments of the business community, pertinent to these sectors, as sources of data and information. These relations were, nevertheless, limited, if they existed at all, and there were not the give-and-take discussions that existed within the halls of

\[31\] Arguments on this point will be made later on in connection with the relationship between the business sector and the planning strategy.
government.

Other channels of private sector influence that cannot be overlooked, however, were its effects on public opinion through the various news media, and especially the impact of the pronouncements of its assemblies, as will be seen later on, on the former. Also, the business sector's assumed close ties with COPEI, and the ministries controlled by them, which, insofar as the planning strategy was concerned, were practically negligible.

Thus, by all accounts, it appears that CORDIPLAN has become established and that it is a major force in the decisions and policies of government. It is supposed to be the home base for a large number of intergovernmental committees attempting coordination of government policies and programs in certain critical areas such as industrialization and community development. It is supposed to have become tied to the decision-making structure of the country, and that planning has spread to encompass all major decision points, with CORDIPLAN increasingly assuming the role of coordinator and mediator of conflicting interests. Finally, CORDIPLAN is to have succeeded in focusing attention on economic development as the principal project of government and of the nation. On the other hand, the basic reason for its having succeeded in becoming "integrated" into the organizational structure of the government, will be found in the manner in which this was done. It was placed strategically in the President's Office, and frequently spoke with his approval on controversial matters.
CHAPTER III

THE PLANNING PROCESS IN VENEZUELA

Some of the fundamental goals of planning, and the means to achieve these, were stated in the ideology of Acción Democrática, when it came to power in 1958. In this sense, they derive directly from the government. Specifically, they are:

... the achievement of the highest level of welfare for all Venezuelans, to be achieved through full employment of the labor force; an equitable distribution of the nation's wealth, using the expanding resources of several regions of the country in the most efficient manner possible; economic independence through an adequate diversification of the economy and the optimal growth of the national product, ... to be achieved especially through an improved application of public revenues derived from the country's just participation in the extractive industry.¹

And, as stated above, planning was advanced as the instrumentality for the rapid attainment of the national objectives. It was to establish a comprehensive framework for the economy, in which the efforts of all sectors were to be harmoniously integrated, in order to achieve, in the interest of the nation as a whole, the fundamental goals.

The Planning Task

The provisions of Decree No. 492 state the tasks of planning. As conceived in the decree, it was to have several major aspects. But in general, it can be expressed thus: It would involve conducting of basic studies of the national economy in both its global and sectoral dimensions. From these studies would come the data essential for analyzing the current state and trends of the economy and for formulating the policy goals. However, CORDIPLAN was not equipped for the extensive job of gathering all of these data itself. It would have to rely heavily upon other government agencies, as well as upon sources in the private sector for this. Planning, then, as set up in the decree, would involve a process of mutual consultation, both within the government and between the public and the private sectors. On the basis of these studies, and their subsequent analysis, CORDIPLAN, in cooperation with the operating agencies, and in consultation with the private sector, was to formulate a national development plan. The physical plan, however, would have to be related

2The "task" of planning refers to "what has to be planned." "Should all projects be planned or only a few industry groups, or only the public sector." It also "refers to the aims, which have to be specified in order to carry out the planning process"; and, "to the coordination of the means of economic policy," Jan Tinbergen, Central Planning, op. cit., p. 9. According to Tinbergen, the "elements, and the process of planning depend on the purpose of the task." By "elements" he means, "everything that helps to determine the process of planning," ibid., p. 9.


4Ibid., Art. 2.  
5Ibid., Art. 2.
to the program-budget (fiscal plan), and this would lead into the phase of project and plan implementation.

According to the decree, the setting of policy goals, and the selection from among alternative means for achieving those goals, was ultimately the responsibility of the President and his Council of Ministers. CORDIPLAN was supposed to be the top level advisor to these decisions, and the function of the plan was to translate them into a coherent and consistent program of action. In Tinbergen's words "to make them more explicit." Rómulo Betancourt put it this way:

To the administration the needs were obvious, and planning was not necessary to uncover them. Planning was deemed necessary to determine what this general program would mean in terms of concrete targets, policy decisions, and projects.

Thus, the Central Planning Office was to be employed exclusively in a staff capacity, as the principal advisor in economic matters to the chief executive. It was supposed to have no program or operating responsibilities of its own. Its office chief was given virtual ministerial rank, however, with full voice but no vote, in the Council of Ministers. He further enjoys ministerial salary and privileges.

CORDIPLAN, according to other provisions of the decree, was to be consulted with regard to any proposal for reforming the budgetary process, or

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6Ibid., Art. 6.  
7Tinbergen, op. cit., p. 8.  
8Rómulo Betancourt, Política y Petróleo (Ciudad México: Fondo de Cultura Económica, 1956).
indeed, for any important change in the government's administrative structure. Finally, CORDIPLAN was to lend "technical assistance" to the National Congress. 9

Plan Formulation

The planning process in Venezuela centers around the preparation of the plans. The first Venezuelan plans have been mainly concerned with the allocation of resources. Other public policy tools are not discussed at any great length.

The first Venezuelan plan is nothing but a projection of public sector activity over a four-year period. The sector targets, which appear to be more predictions than goals, are not tied together with any clear statement of governmental development strategy or with any descriptive model of Venezuela's development path, except that "diversification" is frequently mentioned as a long-term necessity. With regard to the private sector, the plan is supposed to be considered as only "indicative," and the major links between the public and private sectors to be credit and tariff policy matters.

The Sector Stage

For guidance of public agencies and ministries, after the macro forecast is made, CORDIPLAN publishes an annual "Operational Plan" that includes major policy guidelines for project planning. According to these guidelines, the

9 Decree No. 492, op. cit., Art. 16. This, as will be seen later, has not happened in Venezuela, for political and other reasons.
sectoral programs are worked out in a continuous series of informal conferences between the sectoral divisions of CORDIPLAN and the respective ministries and autonomous institutes, and, occasionally, representatives of private organizations. These conferences deal with the basic outlines of the sector's investment allocations, i.e., the kinds of programs that are to make up each sector's contribution. Sectoral priorities are reached by "mutual accord" between the planners and the operating agencies. Most such agreements are reached at the technical levels. However, occasional problems might be carried to the ministerial level for resolution. In general, the plan has been accepted by each of the ministries individually before being submitted to the Cabinet. Approval of the latter, as in the case of the budget, is largely a formality. One problem here is that the plan is written before many of the individual projects that are to fulfill it have been prepared. In any case, the global plan thus derived is measured against available resources and evaluated in terms of its contribution to the creation of employment opportunities—one of the main goals or government policies.

The Project Stage

The operating agencies (i.e., ministers, institutes) are responsible for making the project studies and designs, and for their execution. However, the prepared projects are first submitted to CORDIPLAN for evaluation. This evaluation involves a "yes-or-no" judgment as to whether the project contributes to the general policy goals of the plan. Approved projects are submitted to
the Ministry of Finance for inclusion in the budget; rejected projects are returned to the respective ministries. Any remaining disagreements between CORDIPLAN and the ministries would be carried to the Council of Ministers for resolution.

Projects considered are of two kinds, "major projects," and "minor projects," and they appear to receive different treatment in the decision-making process. According to Frank Levy:

A major project has any or all of the following characteristics: (a) involves a substantial investment—say more than 100 million bolivares; (b) is expected to materially affect a significant portion of the population; and (c) is an important symbol of government policy. It may [also] take the form of an integrated regional plan, such as that for the Guayana region, a sectoral program or a single large project, such as the Guri Dam. A minor project involves only a marginal portion of the total government capital outlay and it has only marginal political significance, i.e., a part of a larger program, such as construction of a specific secondary road. Because it is of great political significance in exemplifying the policy of the regime, attention will be given to a major project throughout its development. The minor project decisions are generally made at the middle and lower administrative levels, with the highest review being made by the ministers. Cordiplan has taken a direct role in the planning and execution of major projects—these projects are of top level interest and the agency, as top level technical advisor is directly implicated. Also, these projects require external sources of funds, and they require that they be related to an over all development plan.¹⁰

Concerning the "minor projects" preparation, this is done in the following manner, according to Levy:

¹⁰Levy, Jr., op. cit., p. 66. On regional planning, such as the Guayana Project, see John Friedmann, Regional Development Policy: A Case Study of Venezuela (Cambridge: The M. I. T. Press, 1966), especially chs. 7 and 8.
At the proper time of the year, the technical departments will submit to the ministry's budget department a list of the projects that might be undertaken during the year. The latter agency will estimate the costs of the individual projects and forward the list to the Minister's office, where the final selections are made. These, then, are forwarded to Cordiplan. 11

The Ministry of Finance, the Budget Office, and Their Relationship to CORDIPLAN

During the ten years' dictatorship, despite the Ministry of Finance's legal authority to review ministerial spending and proposals, and to formulate the expenditure budget, the Budget Office did not have the facilities to fulfill that responsibility. It is assumed that all major allocations' decisions were made in negotiations with the President and top members of the ruling elite.

Under the provisional government, in 1958, and later under Betancourt, the Finance Ministry again assumed major responsibility for government monetary and fiscal policy. One of the major problems was (by 1959-60) determining the respective roles to be played by the Budget Office and the newly created CORDIPLAN. A definite decision on that question, which could only be taken at the highest policy levels, was never explicitly made. Both were attempting to gain influence vis-a-vis the operating agencies within a structure in which their own interrelationship was undefined and uncertain.

The Fiscal Law of 1961 finally determined that the budgetary function would be the responsibility of the Budget Office, and that this office would be attached to the Ministry of Finance. The precise nature of the relationship of

11 Levy, Jr., op. cit., p. 66.
CORDIPLAN to that office, and thus to the budgetary process in general, however, remained undefined, and has evolved without legal guidelines and without formal decisions.

Concerning the relationship of the Ministry of Finance to the budget, it maintains controls over the size of this and takes primary responsibility for review of current expenditures' proposals. It thus enjoys a controlling influence over the amount of current revenues available for development expenditure's purposes. However, according to some, the Ministry has generally been willing to be guided by CORDIPLAN in the allocation of these.

In its own budgetary discussions with the operating agencies, the Ministry invokes the plan, as well as any other recommendations made by Cordiplan as the guide to development appropriations. Bargaining may occur, but it is limited by the fact that most arguments, which the operating agencies may have had, have already been resolved during the prior discussions with Cordiplan. 12

On the other hand, Ministry officials stress that the plan must be treated as a "flexible guide" to be adapted to considerations and conditions of the moment, which throws some doubts as to whether it actually follows the plans and the recommendations made by CORDIPLAN in all budgetary discussions concerning development appropriations.

The Final Stage

In the final stage, the plan is then presented to Congress by the President of the Republic, after being approved by this. However, there is little

\[12\] Ibid., p. 68.
evidence that the plans have had much impact on the activities of the Venezuelan National Congress.\textsuperscript{13}

The first Venezuelan plan was presented to the National Congress by President Betancourt on April 29, 1960, to cover the period beginning July 1, 1960, and ending on June 30, 1964. Quoting from the Presidential message, the plan was to present:

\ldots a truly national effort \ldots directed to the task of guiding the development path of the national economy.\textsuperscript{14}

Its purpose was:

\ldots to rectify projects previously designed. To formulate and select new projects in accordance with selective criteria and sound norms. To elaborate the programs of the public sector in an articulate manner and in correspondence with a balanced distribution of the resources of the State. To integrate these programs within a coherent framework harmoniously related to the programs of the private sector, the latter being the result of individual creative efforts and the guiding influence of the State \ldots. The plan is to be an instrument of the Government whereby it can program its own investments in accordance with perspective of several years and can orient those of the private sector in a coordinated fashion, with the purpose of achieving a balanced economic and social development.\textsuperscript{15}

Moreover, continued the message:

Any plan would combine two seemingly contradictory characteristics: flexibility and firmness. To specify the routes with sufficient firmness that they may serve as a guide, but, given the particular case, and based upon the teachings of

\textsuperscript{13} Though apparently Congress has been gaining influence, especially in its review of the budget, as demonstrated by recent events.

\textsuperscript{14} Levy, Jr., \textit{op. cit.}, p. 70.

\textsuperscript{15} \textit{I Mensaje Presidencial Sobre el Plan de la Nación 1960-1964}. 
experience and the dictates of circumstances, to modify those routes to the degree . . . and only to the degree . . . considered necessary and convenient.\textsuperscript{16}

The plan, then, is taken to be a "flexible" instrument of policy in guiding decisions for the economy as a whole. It is intended to be less flexible with regard to decision-making in the public sector than in the private sector, in that, as an authoritative guide to the former, departures from its prescriptions must first be justified on the basis of new information and circumstances. On the other hand, the plan is supposed to be merely indicative to the private sector, which remains free to make decisions independently of the plan. Finally, the plan is to be directly implemented in the annual budget.

The Plans: Plan de la Nación 1960–1964

This section undertakes to illustrate, briefly, the goals within the plans. It also begins to illustrate that for the accomplishment of these goals the full cooperation of the private business sector was expected.

As indicated above, the first Venezuelan Plan is only a projection of public sector's activities over a four-year period.\textsuperscript{17} This first plan was substituted for a second plan in 1962, due to political and economic considerations, and to the census of 1962. The political and economic considerations were

\textsuperscript{16}Ibid.\textsuperscript{16}

\textsuperscript{17}For a complete picture of the projections within the Plan, see Venezuela, Oficina Central de Coordinación y Planificación, Plan de la Nación 1960–1964 (Oficina Central de Coordinación y Planificación, 1960), pp. 21, 31, 32, 64, 71, 83.
very accurately described by Dr. Raúl Leoni, presidential candidate of the
government faction of Acción Democrática, at the national convention of the
party in Boyacá in 1963. Referring to the crisis confronted by the newly insti-
tuted government, Leoni said:

The crisis confronted by the national economy at the beginning of
the Constitutional Government had its origins in the following
causes: the debts of the dictatorship and the payments that had
to be made hastily because of these; the large disbursements for
the maintenance of the so-called Emergency Plan (Plan de
Emergencia); the adverse fiscal perspectives and the decline in
petroleum prices occurred at the time; finally, the flight of capi-
tal caused by the lack of confidence aroused in certain national
sectors over the possibilities of maintaining the Democratic Gov-
ernment. These causes forced the Constitutional Government to
concentrate all its efforts in the study and application of fiscal
and monetary measures designed to liquidate the Plan de Emer-
gencia. By 1962, these provisions were converted into a posi-
tive picture . . . 18

As regards the census of 1960, this caused a revision upward of the rate
of population growth of 3.5 per cent, indicating that unemployment was likely to
be a longer-term and more difficult problem than suggested in the first plan.

18Speech of Dr. Raul Leoni at the National Convention of Acción Demo-
ocrática Party--Government Wing--in Boyacá, on July 4, 1963, quoted in El
was also confronted with a political crisis caused by simultaneous events, in-
cluding the armed opposition at Cúparano and Puerto Cabello. Dr. Leoni de-
scribes this crisis thus: "The year 1962 was characterized by the strengthen-
ing of the front of the extremist opposition when thanks to the defection of the
'Arsistas' [the URD Party], the Chamber of Deputies was left under the do-
mination and control of the forces of the opposition, a fact that stimulated the
'putschist' or insurrectionist activity of the sectors of the extreme left, which
in alliance with the military insurrectionists staged the uprisings at Cúparano
and Puerto Cabello," ibid., p. C-1. This is the crisis Tad Szulc was refer-
ring to in connection with the Alliance for Progress being put to its major test.
In any case, in 1961 unemployment (a major political goal of the plan) had become a very serious political problem.

However, the particular optimism expressed by Leoni, as seen in the above statements, led him and A.D. to begin to project for the future; an action that culminated in the making of "industrialization" a long-run solution to the unemployment situation. Leoni put it this way:

The definite betterment of the economic picture... drives us to focus on the future of the nation as function of the central objectives of the party; economic independence, through the acceleration of agrarian reform, and the vigorous impulse of an integral industrial development that would utilize productively the major quantity of unused national resources.19

The Plan of Economic and Social Development of 1962

The second plan document, the Plan of Economic and Social Development of 1962, describes itself as an "instrument of action" designed to give the economy the vigorous push required to raise it from the stagnation it had been experiencing.20

The basic goals of the National Economic Development Plan of 1962 is the reduction of the rate of unemployment to the lowest possible level. This goal, however, was formulated for 1962 in such a way as not to conflict with the objective of the 1962-1965 plan, in which it was intended to "maximize real gross domestic product per capita."21

19 Leoni, op. cit., p. C-1.  
20 Levi, Jr., op. cit., p. 83.  
21 Ibid., p. 83. Another important policy goal to be achieved through

At the end of 1962 the first version of the Plan de la Nación 1963–66—the second Venezuelan plan—was produced. It was completed in 1963. Its content was presented to the consideration of the Committee of the Nine of the Alliance for Progress, as established in the Charter of Punta del Este. Once again the main objective or policy goal of the plan was to "solve the unemployment problem," that in 1962 was estimated at 14.4 per cent of the labor force. In this plan "industrialization" is seen as a long-run solution to the unemployment situation. Another emphasis in this plan is "technical education," where workers were to be withdrawn from the labor force and trained in the technologies or skills required by the development effort, in order to make them more "employable" in the future. Accordingly, it was programmed for the years 1963 and 1964 a reduction in the unemployment rate of 11.4 and 9.7 per cent, respectively. The sectoral investment requirements and the assumed division of responsibility between the public and the private sectors for the achievement of these, are shown in Table 2. This plan, according to the 1962 Plan was the "improvement of the distribution of income." For the projected rates of unemployment for alternate rates of growth of the Gross Domestic Product (GDP), see Venezuela, Oficina Central de Coordinación y Planificación, Plan de Desarrollo Económico y Social Para 1962: Tomo II (Oficina Central de Coordinación y Planificación, 1962), p. 50. For the projected investments of both the public and the private sectors, see ibid., p. 19.

<table>
<thead>
<tr>
<th>Economic Sector</th>
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<th>Private Sector</th>
<th>Total</th>
<th>Public Sector Share of Total (%)</th>
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<tr>
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<td>420 2681</td>
<td>24.8 59.6</td>
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<tr>
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<td>499 2791</td>
<td>510 2995</td>
<td>2.2 6.8</td>
</tr>
<tr>
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<tr>
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<td>113 440</td>
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<td>62.3 68.0</td>
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<tr>
<td>Transport and communication</td>
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<td>260 429</td>
<td>824 2802</td>
<td>68.4 84.7</td>
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<td>230 2023</td>
<td>230 2103</td>
<td>-- 3.8</td>
</tr>
<tr>
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<td>32.0 22.7</td>
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<td>-22 360</td>
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<tr>
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<td>300 900</td>
<td>-- --</td>
</tr>
<tr>
<td>Government</td>
<td>722 2410</td>
<td>-- --</td>
<td>722 2410</td>
<td>100.0 100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2183 9433</strong></td>
<td><strong>2670 16773</strong></td>
<td><strong>4853 26206</strong></td>
<td><strong>45.0 36.0</strong></td>
</tr>
</tbody>
</table>

evaluation made by the Committee of the Nine, attempts "to move away from the undesirable implications of prevailing trends."\textsuperscript{23}

\textbf{The Third Venezuelan Plan: Plan de la Nación 1965-1968}

One of the major policy objectives, in fact, the basic policy within the strategy of the Plan de la Nación 1965-1968, will continue to be the creation of new employment opportunities and an improvement of the living conditions of the population. To attain these goals, according to the plan, "there must be an accelerated economic development within the highest possible degree of stability, and the improvement of the ways of distributing income."\textsuperscript{24} Specifically, according to the planners:

\ldots it is foreseen a growth of the Gross Domestic Product at an average rate of 7.2 per cent. In this way the Venezuelan economy should be able to maintain one of the highest growth rates in Latin America \ldots. The sector that will contribute the most to this development will be the industrial [sector], \ldots [and] the combined rate expected will be 10.6 per cent annually.\textsuperscript{25}

To attain the previous goals, the planners expected the full cooperation of the private sector of the economy. They put it this way:

[I]n the public sector as in the private [sector] there must exist full conscience of our structural employment problem and channel the maximum efforts to achieve its solution. Of course, the only means at our disposition to achieve it is the accelerated increment of production, but it is indispensable to take into consideration \ldots


\textsuperscript{24}Plan de la Nación 1965-1968, op. cit., p. 19.

\textsuperscript{25}Ibid., p. 19.
the more appropriate modalities to maximize the sources of employment without affecting the levels of productivity.\textsuperscript{26}

As in the 1963–1966 Plan, "technical education" was to be one of the outstanding measures taken by the government to attack the unemployment problem. But now the plan also contemplated other measures to approach this intensely political problem, which were briefly described as:

\ldots the celebration in a future date of Juvenile Occupation Programs (Jornadas de Ocupación Juvenil), the intensive programs of the INCE (Instituto Nacional de Cooperación Educatonal), and the works that have been completed by the studies' Commission on unemployment problems, are some examples of the actions that are being undertaken to attack this problem in [an] integral way.\textsuperscript{27}

\textsuperscript{26}Ib\textit{id.}, p. 17.

\textsuperscript{27}Ib\textit{id.}, p. 17. INCE (National Institute of Cooperative Education), through its "ordinary" and "extraordinary" programs was expected to train 367,000 workers in the period 1965–68. The "Extraordinary Program" for unemployed young people, was created by INCE in 1964 as a result of the constant demand for trained personnel in the economy. In that year, a total of 60,154 persons participated in the courses offered by the program. The "Ordinary Program" for young people employed in different branches of production had trained, up to the year 1963, a total of more than 30,000 persons, \textit{ibid.}, p. 55.
CHAPTER IV

THE EFFECTIVENESS OF PLANNING

One way to measure the effectiveness of planning is to see to what extent or degree the plans' goals or targets have been achieved. As of 1962, when it was replaced by the second plan, the Plan de la Nación 1960–1964 could be regarded as a failure. By 1962, the goals in such sectors as education and highways' development are supposed to have been on the way to fulfillment. Recovery (to the extent that there was such) was very much dependent upon the resumption of growth in the petroleum industry, on the cooperation of the private sector, and of the confidence of the private investors in the nation's political future.

With respect to target achievement, this was, on the whole, far more successful through the first half of the third plan period than under the previous plans. However, severe shortages of labor skills were being felt in most

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sectors by the end of 1964,\(^2\) pointing to the increasing need for expenditures in education and training.

With respect to target achievement in the \textit{Plan de la Nación 1963-66}, only in Agriculture, Petroleum, and Mining, and in some services, the levels of employment achieved were those programmed in the plan. In the industrial sector (e.g., manufacture, construction, and electricity), there was a deficit in the generation of employment that, according to the plan, "is explained by the unfulfillment of the goals established in the programs of housing construction . . . . It should be observed, however, that though in the manufacturing sector, the established employment objectives were attained, this sector has a limited role insofar as its capacity for producing new employment for the population that every year gets into the labor force."\(^3\)


\(^3\)For an evaluation of Plan targets and achievement in 1963-1966 Plan, see Venezuela, Oficina Central de Coordinación y Planificación, \textit{Plan de la Nación 1963-1966} (Caracas: Oficina Central de Coordinación y Planificación, 1963). For a picture of the investment situation in 1962-1964 and projected goals for 1968, see Venezuela, Oficina Central de Coordinación y Planificación, \textit{Plan de la Nación 1965-1968} (Caracas: Oficina Central de Coordinación y Planificación, 1968), p. 23. For an evaluation of attained employment goals in the 1963-1966 Plan, and the population and employment situation in 1962-1964, and projected situation in these sectors for 1968, see \textit{ibid.}, pp. 48, 23. It should be observed, however, that in the part referring to unemployment, the figures given in the 1963-66 Plan do not coincide with the ones given in the 1965-68 Plan. In the latter, the labor force was projected as a constant proportion of total population, instead of as an increasing proportion of that population assumed in the 1963-66 Plan. This happened because CORDIPLAN had programmed in the 1963-66 Plan a decrease (a gradual percentage) of the active economic population, due to the intensification of the programs of INCE,
According to CORDIPLAN, then, the fact that the goals have not been achieved completely is due mainly to the fact that "the global growth goals for all the economy were not attained and to the fact that measures of industrial policy established in the plans were carried out partially." Thus, says CORDIPLAN:

On doing an inventory of the fulfillment of these measures, it could be seen that in certain cases in 1963 and 1964, significant advances were made, and in others the recommended measures have not been applied or have been applied partially. [Thus], it could be concluded that the industrialization process has continued with great vigor in the first two years of the plan, though the goals established in it were only achieved partially.  

To attain some of the objectives in the 1963-1966 plan, according to CORDIPLAN, "certain measures or mechanisms were taken, though all of them have not been successful . . . ." On the other hand, to achieve the objectives in the 1965-1968 plan, the agency sees necessary the "removal of certain obstacles that have been holding down the economic development, such as the insufficiency of trained people and to adapt the coordinating and promotion which, besides fulfilling the fundamental training objectives, worked as a means to slow down the incorporation of great quantities of young men into the labor force, ibid., p. 84. In the 1965-68 Plan the labor force is calculated as a constant percentage of the population (31.98 per cent), that makes the unemployment estimates a little on the conservative side. If the previous methodology had been followed, the rate of unemployment projected will arrive at approximately 6.5 per cent of the labor force for 1968, ibid., p. 84. The occupational goals of the 1965-68 Plan were formulated following the methodology applied to the previous Plan, "because there is no available instrument that would permit the improvement of statistical information utilized in the elaboration of the Plan [de la Nación] 1963-1966," ibid., p. 84.

4Ibid., p. 53. 5Ibid., pp. 51-52, 53. 6Ibid., p. 19.
mechanisms to the new circumstances that determine a process of accelerated
development . . . . Within this strategy, the State is to play a fundamental
role in its direct action as in orienting and promoting the private activity
. . . . " Specifically, for the attainment of the goals established in the Plan
de la Nación, CORDIPLAN is making some suggestions concerning the partici­
pation of the private sector in the planning strategy. Says CORDIPLAN:

[It] will be required a great effort and decided contribution of all
the economic and social sectors of the country . . . to the end of
channeling in a rational way the national aspirations for the at­
tainment of economic independence and a greater well-being for all
Venezuelans . . . . For [that] . . . reason the Plan de la Nación
not only puts emphasis in the improvement and rationalization of
the public sector mechanisms, but also considers it fundamental
the collaboration and participation of the private sector to attain
its objectives. If great is the responsibility of the Government,
no less important should be the contribution of the private initiative
in the achievement of this common effort, in which the nation is
engaged. 8

Politically, the plan aims to "consolidate the democratic regime in
order to achieve a broader and equal participation of all sectors in the gene­
ration of the public power and the responsibility of the Government." Thus,
continues the plan:

[I]n order to attain the objectives in the 1965-1968 Plan, it is nec­
essary to analyze what types of measures of economic policy it will
be necessary to apply, to achieve in the reality, the change in the
economic, social, and political conduct, that the goal stated re­
quired. 9

7 Ibid., p. 19. 8 Ibid., p. 21.
9 Ibid., p. 21. This is, indeed, a very difficult task for CORDIPLAN to
attempt alone, as has been witnessed during the past decade. It is doubtful that
without the cooperation of other groups it could have achieved some of the
However, the group of economic and social policy measures contemplated in the 1965-68 plan are just a ratification of the ones that were enunciated first, in the "Declaración Sobre Aspectos Fundamentales de la Política Económica,"10 of May 31, 1962; of the ones that constitute the basic objectives of the Plan de la Nación of 1963-1966; and, finally, of the ones contained in the message before the Congress of Venezuela by the President of the country (Leoni) when he took charge as First Executive.

**Implementability of Planning**

Plan implementation, many countries—especially in the underdeveloped areas—have found more difficult than plan formulation. This implementation depends upon factors such as the willingness and the capability of the implementors to carry out the plans. Within the administrative structure this is especially true where the various ministries, government departments, and other institutions have enjoyed a large degree of separativeness or autonomy from each other. Another related factor deals with the degree to which an agency and/or its specific policy area is subject to political controversy not easily amenable to the techniques of inculcating the willingness to implement. There are, however, some equally powerful factors such as the resistance on the part of groups within the society and which have been opposed to the goals, among the many, it had set out to achieve.

10 _El Nacional_, May 31, 1962. This will be examined in connection with the analysis of the private sector's role within the planning strategy.
introduction of the concept of planning.

The institution of planning, then, is likely to be a gradual process, and one that will present the planners with innumerable problems of strategy in their campaigns to gain acceptance, including a necessity to participate in the politics of government. This necessity to participate in the politics of government, however, will not end even if the planning concept and the planning agency have been fully assimilated into the system. Wherever the process requires the collaboration and participation of different groups, and divergent points of view are permitted, the arts of political persuasion and compromise will be called upon to resolve disagreements and reach decisions. In fact, in order to achieve implementability the technical appreciation of the planners must be diluted by political considerations, and consequently, the decisions being generated by the planning process are somewhat different from those that would be made by the planners if they were able to act unaffected by such political necessities. Thus, in Venezuela, as in most of Latin America, where, inevitably, government decisions involve the play of political forces, and where top policy-makers retain their position only at the will of some "power contenders" (and not only at the will of the electorate), it would be expected that government policies would tend to be designed to satisfy these forces—or, at least to promote the goals of a majority of them. Thus, in his attempt to secure votes and to retain his position of power, the politician must select the preferences of the majority of these forces, even in those cases where "rationality," in the disguise of a planning institution, has been provided to him.
Inevitable, then, government planning must be discussed and contemplated with regard to its merits vis-a-vis politics. That is, the convenience of planning and of making decisions through planning as against making decisions through an interplay of political forces, are factors that must be justified to a society. For that matter, it is extremely important for political leaders, once planning is instituted, and the planning strategy gained some acceptance, to keep an ear sensitively tuned to the pressures of the various groups and forces within the system.

Plan Implementation in Venezuela

Without losing sight of what has been said about the interplay between planning and politics, the writer will portray now the ideal bases for plan implementation in Venezuela.11

The implementation stage within planning for national development in Venezuela, is carried on by the Executive through the allocation of resources—public investment—and through a series of measures that at the moment the government exercises to orient the economy, intervening in the processes of production and distribution of goods and services.

Generally speaking, the Constitution establishes the general bases or the legal authority permitting the government to interfere in the economy. The extent of this intervention could be relatively broad, its limits being set up by the greater or lesser politics of intervention that the governments may want to

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apply. The policy dealing with foreign commerce is set up by the National Government. In matters of strict domestic economic policy, the government exerts important faculties through its various dependencies.

As regards the instruments that the government uses for orienting the development process, it could be mentioned the power of tariff protection, export licences, and registration of industries; the granting of credit through the Corporación Venezolana de Fomento (CVF), the Agrarian Bank, and other financial institutions; control over three principal areas of industrial development for export purposes. These areas are the hydrocarbons' industry, the petrochemical industry, and the steel and electrometallurgic industries. Thus, the orientation of the future development of Venezuela may depend, fundamentally, on the decisions that the government may make about some forms of actions in these fields. Other instruments that the government uses are: intervention in the price mechanism, in many instances fixing or attempting to fix maximum or minimum ceilings permissible for the operation of the market; and the development of the construction industry, the greatest employer in the country, which is strongly affected by the action of the government and by its regulation.

There are a series of policies that the government utilizes to orient and control the development strategy. Among these are: the fiscal policy, which has a decisive influence over the orientation of the economic process, and on the development possibilities. On the orientation of the public expenditures depend the realization of the works of infrastructure—in the physical media, as well as in man—indispensable for development. Another policy utilized by the
government to orient and control is the agricultural development policy. The power to decide that the system of agrarian reform gives the government is very broad, and on it depends to a great extent the future of production in the Venezuelan countryside. Another instrument is education. Approximately 85 per cent of the education of the population of the country is in the hands of the government. A very important factor, since one of the essential bases of the development strategy is the right orientation of education to the objective of preparing the new working population in order for this to face up to the task that modern economic activity demands.

The above, then, constitute a general sketch of the strategies for plan implementation used by the Venezuelan regimes in that country. However, the process, when put into practice, is not as simple as it sounds. As stated above, plan implementation is as difficult a process, or more so, than plan formulation. It depends upon such factors as the willingness and the capability of the implementators--the various ministries, the diverse groups within the society, the interplay of the political forces, and the capacity and necessity of planners to be involved and participate in the politics of the regime. To the extent that a reconciliation of the most powerful forces within the society is achieved, to that extent plan formulation and plan implementation would become a reality. The second portion of this work is concerned with the examination of one of these forces— the role of the private sector, as represented in the Federation of Chambers and Associations of Commerce and Production (FEDECÁMARAS)—within the planning strategy for development in Venezuela.
It appears that changes in this group have been a key factor in the formulation as well as in the implementation of the plans in that country.
PART II
INTRODUCTION

Part I of this study dealt, first, with the literature of development, planning, and groups. Reference was made to the relationship of the latter to planning. Secondly, it dealt with the rationale for planning in Latin America, and with the historical, political and economic, and social background of planning in Venezuela. Third, an analysis was made of the planning process in Venezuela, the goals pursued in the plans, and the limitations and obstacles that are encountered in the implementability of these goals. Finally, it was observed that implementability depends upon a series of factors such as the willingness and capacity to implement on the part of the diverse groups, and on the interplay of various forces—political, economic, and social—within the society. In this regard it was observed that, to the extent a reconciliation could be effected in those forces, to that extent not only plan implementation but also plan formulation could become a reality.

Part II will analyze the role of one of these forces: the Federation of Chambers and Associations of Commerce and Production (FEDECÁMARAS), an associational business interest group and maximum representative of the Venezuelan business sector, within the planning strategy for development in that country. In this regard, the part will analyze the initial role and position
of this group and the impact that planning has had on the organization during
the 1958–1970 period, with the purpose of determining changes effected in the
business group by, and toward, planning and the planning strategy for develop­
ment. The examination of these changes is important because it should help us
determine the extent to which planning has affected the roles and function of the
group as well as the impact of planning and the planning strategy on the busi­
ness group's development and performance of other roles. This is important
because changes in the business organization's roles and functions and the di­
rection of these changes could help determine the extent to which the business
organization has influenced planning and the planning strategy. The formu­
lation of plan projections and plan implementation depend upon the changes
effected in the business group. Thus, though the objective of the study is to
analyze the role and position of the group and the impact that planning has had
on the organization, the analysis can help us determine the extent to which
planning itself depends on the direction of these changes. It is also important
to study the role and position of the business group vis-a-vis planning because,
as also stated previously, the study can help us visualize and, in the end,
generalize concerning the attitude of the business sector toward planning
structures for development in Latin America. The study is to explore one of
the most powerful business groups in Latin America. If changes in role and
functions are brought about in this group as a result of the impact of planning,
such as the possibility of establishment of a "dialogue" between the private and
the public sectors, concerning the importance and effectiveness of planning for
economic development, it could be safely assumed that the same could happen in the rest of Latin America. In other words, the extent to which an approach could be effected between the two sectors may determine the achievement or nonachievement of planning goals in Latin America.

As stated in the introduction to the study, the role of FEDECÁMARAS, the impact of planning on this group, will be analyzed mainly through an evaluation of the pronouncements and doctrines coming out of the assemblies of the business institution. These pronouncements and doctrines are the result of the confrontation between the organization, the public sector (including the President of Venezuela) and CORDIPLAN, the planning structure, during the years examined. This approach has been used in order to reveal the unfolding position of the organization on the issue of planning and the planning strategy, and to identify any changes or new routes taken by the business organization.

Thus, in this section of the study, Chapter V analyzes the socio-economic background of business in Venezuela and the organizational structure, the interests, internal politics, roles and goals of the maximum representative of that sector—the Federation of Chambers and Associations of Commerce and Production. Chapter VI examines the response of FEDECÁMARAS to developmental planning and to the plans. It also portrays the responses of the business organization to the role assigned to the private sector by the plans. Chapter VII illustrates basic points and areas of suspicion necessary for understanding the attitude of the business sector toward the development strategy through
planning. The last section of the chapter examines the efforts made for the establishment of a "concert of wills" between the business organization and the public sector. Chapter VIII examines FEDECÁMARAS' conception of planning in a democracy and the theses developed to illustrate that conception. Chapter IX portrays the "institutionalization" of the business organization within the Venezuelan social context. In this respect the Federation is observed speaking with considerable force on some important areas, such as the policy concerning the petroleum industry and the role of Venezuela in LAFTA. Chapter X illustrates the emphasis placed by the business organization on promoting its new role as a socially engaged organization. Chapter XI comprises a summary of the study—an analysis of the conclusive position of the business organization before planning, and of its changing and prospective roles, and their implication for the political and social systems in Venezuela.
CHAPTER V

THE BUSINESS SECTOR IN VENEZUELA AND FEDECAMARAS

Many of the changes in contemporary Venezuelan society have been brought about by a rapid economic growth whose basis has been "the exploitation of petroleum in the present century under the aegis of foreign-based agents." At the onset of this process, in which the government consistently took the initiative, because of its control of the petroleum industry, the Venezuelan business sector was not subjected to great demands. The business sector continued to participate very little in fields outside of its own, particularly in public national politics. "Opportunities for such activity were [either slighted or] restricted, ... [E]mergence of political parties in Venezuela was accomplished with a minimal participation of businessmen. Nevertheless, relations between the governmental and economic sectors had been largely cordial and, in general, the economic groups felt no threat to their interests." The end of the Marcos Perez Jimenez dictatorship in 1958 saw a great

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2 Ibid., p. 215.
increase in political participation, and especially in the development of associations for the expressed purpose of aggregating demands on the political regimes. This is not to say, however, that associations were not organized during periods of dictatorship, for such associations as the Federación de Maestros de Venezuela (The Venezuelan Federation of Teachers) and FEDECÁMARAS itself, came into being in 1946 and 1944, respectively. But while the first had been the object of harassment by the political regimes, partly because of its extremely politicized orientation, the second does not appear to have been involved directly in the politics of the nation, limiting itself exclusively to the pursuit of its own interests. Thus, though other political actors have become directly involved within the context of economic and political development, and have become a main source of change, perhaps "the most important single development is . . . without doubt the gradual entry during the 1960's of business groups into more direct and public forms of political and social action."3

It is worthwhile here, then, to examine the background of the business sector in Venezuela, as a preliminary step to viewing the group's attitudes toward change.

The Socio-Economic Background of the Business Sector

The VENELITE study sought to explore how social power in Venezuela

3Ibid., p. 78.
is in fact related to group and class interests. More specifically, the question was: Are those in the present elite largely the offsprings of traditional ruling sectors (large landowners and the military) now appearing in guises more suitable to the demands of the moment? A glance at Table 3 would seem to support such an interpretation, according to the study. Nearly four in ten of the elite subjects do in fact have grandfathers who were landowners or military men, while another four in ten of the grandfathers were businessmen (largely in commerce). In the fathers' generation the proportion in the traditional sector diminishes substantially (to about one in four), although the business class approaches fifty per cent.

The argument presented by VENELITE is not primarily about changes in elite composition over recent generations, but about the extent to which contemporary elites looking backward might have a basis for identifying with traditional ruling sectors. Thus, "the data are not a way of demonstrating structural change in Venezuela, but only an aid in defining a generational space of social reference and awareness of these subjects." Still, a look at Table 4 will show "better evidence" that the social reference points in the past for contemporary leaders are middle-class rather than oligarchic. Thus, according to the study:

... the occupational status of the fathers and grandfathers of

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5VENELITE. Also Bonilla, op. cit., p. 79.
6VENELITE. Also Bonilla, op. cit., pp. 80ff.
TABLE 3

Intergenerational Difference in Main Occupational Sectors (Percentages)

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<th>Fathers</th>
<th>Subjects</th>
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<td>First Job</td>
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<td>Agriculture and</td>
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<td>Military</td>
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<td>Government and</td>
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<td>66</td>
</tr>
<tr>
<td>Sciences</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The parental generations shown here cannot be taken as being representative of elites in their time. Thus the data are not a way of demonstrating structural change in Venezuela, but only an aid in defining generational space of social reference and awareness for these subjects.

Source: Venelite.


**TABLE 4**

Intergenerational Difference in Occupational Status  
(Percentages)

<table>
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<th>Grandfathers</th>
<th>Fathers</th>
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<td></td>
<td>N-(151)</td>
<td>(175)</td>
<td>(177)</td>
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<tr>
<td>High</td>
<td>17</td>
<td>22</td>
<td>28</td>
</tr>
<tr>
<td>Upper Middle</td>
<td>33</td>
<td>41</td>
<td>59</td>
</tr>
<tr>
<td>Middle &amp; Low(^{(a)})</td>
<td>50</td>
<td>37</td>
<td>13</td>
</tr>
</tbody>
</table>

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*Includes mostly white collar with artisans, small shopkeepers, and a few skilled workers and small farmers. The data is inconclusive, indicating a fluidity of intergenerational movement among occupational sectors, which may be interpreted as evidence of freedom of social movement across occupational lines, but could merely manifest adaptability of ruling groups to new circumstances.*

*Source: Venelite.*
present elites is by and large relatively modest. Lower— or working—class backgrounds are very infrequent among these subjects; a sizable majority come from middle— or upper—middle—class families and are status mobile vis-a-vis their fathers.  

The above characteristics, then, mark the background of all the elites in Venezuela. However, when the business sector is considered as an isolated group, some special characteristics begin to appear. Comparing the data for the three sectors studied, it was found out that two clusters of variables characterize this group: one links into the economic sphere, the other links to power and communication variables, rather than to the economic ones. The first cluster of variables views the business sector as characterized by high income, multiple sources of income, frequent contact with foreigners in Venezuela, and relatively low contact with nonbusiness groups within the country. 

In the second cluster of variables—power and communication—the group is characterized as "holding multiple paid positions in more than one sphere," such as "writing in magazines, travel to international conferences, and postgraduate study [usually abroad]."  

Another set of characteristics found in the study relate to the mobility (organizational) of the business sector as compared to that of the two other sectors, and this is explained by certain factors inherent in the group. Thus:

... businessmen are generally substantially ahead of others in their schooling when they [take] their first jobs. Men in other sectors begin work just after and sometimes even before completing

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7VENELITE. Also Bonilla, op. cit., pp. 80-81.

8VENELITE. Also Bonilla, op. cit., p. 87.

9VENELITE. Also Bonilla, op. cit., p. 87. Italics in original.
primary school . . . [they] rise through and consolidate their prestige in organizations whereas the other two sectors rely more on occupational movement, advanced training, and communications . . . . The fact is that businessmen achieve high status in their work sphere earlier than others and move into high positions in organizations only later. The reverse is true for politicians and men in the cultural sector. 10

Concerning business trajectories of this group, the study found out that:

Careers in business . . . bear visible traces of inherited status and advantage bridging generations. It is the businessmen more often than others who begin employment with a palpably assured future. As they mature, their positions multiply and they are increasingly drawn into the organizational politics of the business sphere, into the various forms of business statesmanship, and finally into government itself. 11

Thus, in contrast to those who give most of their lives to politics or work in the cultural sphere, businessmen move in a world of considerable order, regularity, and steady satisfaction, and tend to remain within it. 12 Concerning this particular feature, says the study:

It is this quality of order and continuity that most clearly sets off business careers from others and that most clearly symbolizes the detachment and distance from politics that businessmen have until very recently studiously cultivated as a public stance . . . businessmen have been committed to doing 'business as usual' regardless of political events. Their most clearly articulated political aspirations and demands have been for 'normalcy'—for the freedom of action and forms of protection that would shield them from the reverberations of political disturbances and conflicts. 13

A most important implication derived from the data is that while

10 VENELITE. Also Bonilla, op. cit., pp. 92, 87.

11 VENELITE. Also Bonilla, op. cit., p. 93.

12 VENELITE. Also Bonilla, op. cit., p. 94.

13 VENELITE. Also Bonilla, op. cit., p. 99.
"blessed" with so many advantages, most of the members of this sector do not appear to have oligarchic ascendancy. Rather, that the social and economic reference points in the past appear to be middle- or upper-middle-class, as illustrated by the fact that the occupational status of their fathers and grandfathers was by and large relatively modest. Another important factor, that is not derived from the data, and that tends to deny the passivity of this sector, is that, as stated previously,¹⁴ there has been in Venezuela, since 1936, a struggle between competing political forces of the urban middle-class to control the pace and direction of modernization. Despite the sharing of similar perceptions imposed by continuing experiences of Venezuela's past, this struggle has characterized the country's development. Furthermore, on the eve of World War II, both AD and its so-called "conservative" opponents seemed to agree on two things: First, both viewed the country as an agricultural nation whose industrial potential was severely limited by underpopulation, a small domestic market, and a lack of technology. A second area of agreement concerned foreign capital in Venezuela. Both AD and that middle-class welcomed this capital as an essential ingredient for development. The only problem was, however, the strategy of modernization to be followed. The "conservative" urban groups from 1936-1945 favored economic development led by the private business sectors, with gradual and controlled growth of political participation. What appeared to be less urgent for these men, whose participation in the

¹⁴See "Background of Planning in Venezuela: The Political and Economic Settings," Chapter II.
system was secured by family and socio-economic status, as well as by talent, was universal suffrage and direct elections, because most of them were reluctant to subject their recently acquired political power to popular vote by rural masses in whose presence they did not feel secured. That was the "conservative" position challenged by AD. Its leaders based their approach to modernization on immediate widespread political participation and a "dynamic" interventionist role for the state as a primary agent of socio-economic development. Their economic ideology believed that long years under the Gomez's dictatorship had left the Venezuelan private sector too weak and unimaginative to lead the development process. Thus upon coming to power for the first time in 1948, AD set up a modernization strategy, and economic policies, which did not really constitute a break of the directions that were set up in the 1936-1945 decade under the Lopez Contreras and Medina Angarita governments. However, these were to disturb the position of responsibility for the economic development of Venezuela already established by the private business sector. This is precisely the position that the sector will be observed defending again after the second entrance of AD into the political scene of Venezuela, and the appearance of planning and the planning strategy which, in the eyes of the private business sector, was to constitute a deeper intervention in areas of decision-making traditionally reserved for that sector in the economy. In these circumstances, the private business sector is observed emphasizing its

15 Ibid., Chapter II.
role in the economy and organizing itself into a powerful association, and thus breaking away from that "world of considerable order" described above. Thus, the question arises as to whether this association, whose members have been identified as "passive" was to remain as such in the face of the introduction of a new and exogenous structure—planning—to effect a modernization strategy.

**The Federation of Chambers and Associations of Commerce and Production (FEDECAMARAS)**

The Federation of Chambers and Associations of Commerce and Production is the maximum representative group of the private business sector in Venezuela. It was founded on July 17, 1944, at the first Annual Assembly of the Chambers of Commerce and Production, at the initiative of the Chambers of Commerce of Maracaibo, and La Guaira, and the Association of Merchants and Industrialists. At the time of its inception the total membership of the organization consisted of twenty-two associations. Its main objective was the "economic advancement (prosperity) of Venezuela," through a harmonization of the different commercial and production interests first, on behalf of the business community and second, on behalf of the Venezuelan collectivity.

When planning began to be discussed in Venezuela in 1958, the Federation had 121 affiliated organizations. At the present time, it is integrated by

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164 of these organizations, representing commerce, industry, mixed associations of commerce and industry, agriculture, the cattle industry, and the services. 18

The Composition of FEDECÁMARAS

FEDECÁMARAS elects a board of directors every year to represent the federated groups, and to conduct business for these throughout the year. This directorate is composed of 20 representatives from the various sectors of the economy. Each of the sectors nominate candidates for the directorate which then becomes integrated by a President, two Vice-Presidents, a Treasurer, and 16 Directors. Table 5 shows the representation in the Directorate of FEDECÁMARAS. Selections for the three highest offices are done on a rotating basis, so that each one of the sectors has an opportunity to be represented in those offices of the organization. This procedure gives each one of them an opportunity, not only to direct this prestigious institution for the year, but also to advance the interests of that sector, and make demands on its behalf, before other groups and the regime in power. With the advent of developmental planning in Venezuela, selections for the Directorate of the organization have become a very complex problem, and not devoid of conflict. Some of these conflicts have manifested themselves especially in relation to the kind of development that the country should undertake, whether nationalistic or not, and with

18 Federación Venezolana de Cámaras y Asociaciones de Comercio y Producción, Directorio de Organismos Federados, Consejo Nacional (Caracas: FEDECÁMARAS, Noviembre de 1972).
TABLE 5


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<td>Commerce</td>
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<td>Second Vice-President:</td>
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Elections to the presidency of FEDECÁMARAS is done on a rotating basis. Thus each sector has an opportunity to be represented. Previous Presidents of the institution become advisers to the Executive Director. In addition, the Directory is integrated by four other advisers, an aide to the Directory, an aide for economic matters, a legal consultant, and an Executive Director.
the advent of planning, in relation to the entities responsible for this development. These conflicts have threatened in several occasions to disrupt the very structure of the organization. However, in all instances the Federation seems to have emerged stronger than before the conflicting situation developed. Concerning the complex structure of the organization, and the way some of these problems are compromised within it, several businessmen interviewed in the VENELITE project, expressed the following views:

In theory and according to the statutes of the Federation, what it does is to defend the interests of its associates. . . . It is evident that the Federation of Chambers is an almost unique case in the world, in which interests that are generally in opposition, especially in developing countries, sit around the same table. . . . So it is interesting that FEDECAMARAS has survived and not only survived but became stronger over the years and that even though in an incipient form a consciousness has been created among businessmen . . . there are some higher level problems that are genuinely shared.\(^{19}\)

Thus, what is found within FEDECAMARAS is a mixture of interests in constant conflict with one another. Interests representing the trade sector are generally opposed to those represented by the big industrialists. The reason for this is that the latter would want to produce locally, whereas the people in trade are interested in importing products. Another interest represented in the organization is modern agriculture. This is generally in opposition to the industrialists because of the latter's desire to pay low prices for the products of the agricultural sector. The bankers, another interest within the organization, have a way to exert a specially significant pressure on the other

\(^{19}\) VENELITE Interview 323281, pp. 23, 24.
sectors because most of these sectors depend on the bankers for finances.

Moreover, bankers strive to increase their prestige within the organization and the society. One of the interviewees expressed the situation in the following manner:

I think every banker has means of exerting pressures on other groups . . . because we all know that the majority of executives have bank accounts or their firms owe money to banks. I think, unfortunately, that this year very powerful pressures were brought to bear through the banks to bring [to office in FEDECAMARAS] a large group of persons who did not represent their sectors. Today, of the individuals who were there, one said: "I need to be a director of FEDECAMARAS to round out my curriculum vitae."20

Finally, there are the transportation interests which are opposed to the industrialists because of the latter’s demands for lower rates.

However, the same interviews also reveal that the Federation is involved in problems that are not necessarily connected with the interests of the business sector, but with other sectors of the society. Thus, continues the interview:

I know that those directors who are bankers have not worked and won’t work because FEDECAMARAS is not a Monday board meeting. FEDECAMARAS is with the Confederation of Workers from two in the morning if there are serious political problems, it is going to the interior, going to Miraflores [the Presidential Palace] every time there is a problem of public order. There are all kinds of problems, and one has to work.21

This factor seems to account for the fact that a leader of the institution has to be capable of taking a stand before the increasing demands made by the job. In

20 Ibid., Interview 057167, p. 53. \hspace{1em} 21 Ibid., p. 53.
other words, in order for a member of the business community to become a member of the board of directors of the Federation he must have to be an extremely well-qualified individual in the eyes of the members of the organization. The task dictates that a person

... cannot be a president of FEDECÁMARAS and do business at the same time because being President of FEDECÁMARAS today is practically like being Minister of a private activity that demands a great effort to do it adequately.\(^\text{22}\)

On the other hand, there are divisional views within the structure that are projected toward the government. In other words, aside from the conflictual situations between interests already outlined, when dealing with the national government the organization seems to be divided into two groups. One would want to solve its own problems according to its capabilities, and trying to show the government that they represent a force. The other wants the government to provide protection, grant subsidies and privileges, because they feel that they deserve these favors. The interviews conducted within the business sector also revealed that:

[g]enerally, the most nationalistic groups [within the organization] are the medium and small entrepreneurs; the big businessmen ... who for understandable reasons have to enter into contact with big bankers ... naturally tend to moderate their nationalism and subordinate it always to their own convenience in manipulating credits ... . The nationalist, who may not always have commercial relations on a large scale, cannot express a strong nationalism because that affects his interest by alienating men in commerce ... \(^\text{23}\)

\(^{22}\text{ibid., p. 53.} \quad ^{23}\text{VENELITE, Interview 003006, p. 94.}\)
Thus, a great deal of the importance that is given to the Federation of Chambers and Associations of Commerce and Production is reflected in the heat and combativeness that accompany elections to its directorate, to decide which sectors are to be represented and favored during the year, and by the factors dividing businessmen themselves. Perhaps one of the biggest achievements of the organization, considering these struggles within its structure, has been the "great successes" by the businessmen represented in its structure, "to achieve and salvage . . . unity in FEDECÁMARAS." On the other hand, with the advent of planning the contests and conflicts within the organization have been intensified by the intrusion of external political interests and ambitions. This is evidenced by the fact that, as portrayed by the interviews, in many occasions, the government has tried to penetrate the organization and undermine it without success:

On repeated occasions we witnessed the persistence of the government in trying to capture the Federation and have it as one more organization within the political complex. On one occasion . . . it was only by a single vote that a certain slate won against another with manifestly official brand. Naturally . . . this only brought unnecessary friction and cooling of relations.

This particular cooling of relations became the result of the controversies that ensued upon the introduction of planning in the country, and the way the planning strategy pursued through it was to affect the goals and role of the organization.

24Ibid., Interview 082042, pp. 9, 10.

25Ibid., Interview 323281, p. 38.
The Goals of FEDECÁMARAS

The idea for the foundation of the Federation of Chambers and Associations of Commerce and Production (then the Federation of Commerce and Industry) emerged from a desire to alleviate a situation that import restrictions had imposed on Venezuela's economy during the Second World War. The reasons for its organization have been expressed by the Federation in the following manner:

The normal commercial channels had been interrupted and there were no possibilities of obtaining a supply of the most essential necessities for the Nation. This circumstance showed the founders the extraordinary dangers that a one-product economic system presented to the country. Petroleum was accumulating (foreign) exchange, because of the strategic character of this for the 'free world,' but the exchange was accumulating without there being an opportunity for its utilization in the acquisition of the basic consumer goods for the Venezuelans. Confronted with that dismaying spectacle, our population understood the imperative necessity of turning its eyes [inward] . . . and at that moment the thesis that we could not continue being a country subjected to foreign caprices, and to international contingencies and events, emerged. Businessmen would not remain indifferent. The Nation was reclaiming a vigorous and decided action, and to them was assigned the main responsibility. It was necessary to be incorporated to the struggle and to confront the unavoidable task of orienting the economic future.²⁶

In those circumstances FEDECÁMARAS was born. From the time of its organization it declared as its objective the orientation of the economic future of Venezuela through, among others, the following objectives or goals:

(1) to propitiate the development of the economy and the social welfare through a defense, impulse, and cooperation of the private initiative in the national progress;

(2) to harmonize the different commercial and production interests on behalf of the collectivity;

(3) to propitiate an efficient incorporation of the different regions of the country, into the economic evolution, with the objective of achieving the national integration;

(4) to perfectionate the organizations of the entrepreneurial sector of the country [in order] to facilitate the task of contributing to channelize the national economy;

(5) to bring and sustain, before the Public Powers, the agreements approved by the Conventions of the Organization . . . .

Thus, as could readily be observed, by examining these original goals, the organization identified its interests in the economic sphere with the national interest, and with the social welfare of Venezuela, from its very beginning. In other words, the thesis led the business community to organize and harmonize the commercial and production interests first, on behalf of the business community, and second, on behalf of the Venezuelan collectivity. Thus, the interpretation that was given to the goals as being identified with the national interest. The introduction of developmental planning in Venezuela was to disturb this relationship, and the operation of the business community. The ensuing planning strategy was to be conceived as an intrusion in decision-making areas which traditionally belonged to the private sector.28

27Federación Venezolana de Cámaras y Asociaciones de Comercio y Producción, op. cit., p. 7 and new ed., op. cit., pp. 120-21. A sixth objective of FEDECAMARAS, evolved during the 1970's, portrays "to contribute to promote, by its own initiative, an increase in the economic relations with private sector's entities in other countries and to give support to the movement of international cooperation geared to favor the solution of economic and social problems that prevent the peoples [of the world] from achieving a better and more complete life." See ibid., p. 121.

Organization and Operation of FEDECÁMARAS

The organizational structure of the Federation of Chambers and Associations of Commerce and Production is comprised by the following areas: the Assembly, the National Council, the Directory (the President, two Vice-Presidents, the Treasurer), the Executive Directory; the various advisers and consultants, in special areas such as communication, the economy, legal matters, and for special purposes; the special and permanent commissions; two sub-divisions, one for regional affairs, and the other for public relations; and by various other departments and services. Illustration 1 shows the organizational structure of FEDECÁMARAS.

The Assembly is the highest authority of the organization. Its major functions are: to elect the President of the organization, and other members of the Executive Directory; to approve or disapprove the pronouncements or statements made by the Executive Directory; to consider and vote on all matters brought up for consideration during its annual meeting; and to suspend or dismiss the federated members as well as to approve the dissolution of the Federation itself.

The National Council.—Though under the Assembly, the National Council is the highest permanent authority of FEDECÁMARAS. Among its major functions are: to consider and vote on the resolutions, agreements, and declarations which have been previously approved. It is empowered to suspend or dismiss the federated members.

The Executive Directory.—This body's main duties are: to enforce the...
ILLUSTRATION 1

ORGANOGRAMA DE FEDECÁMARAS

ASAMBLEA

CONSULT. DE MEDIOS DE COMUNICACION

CONSULTORÍA ECONÓMICA

CONSULTORÍA JURÍDICA

CONSULTORES ESPECIALES

CONSEJO NACIONAL

DIRECTORIO

PRESIDENTE

1º Y 2º VICEPRESIDENTE TESORERO

CONSEJEROS

COMISIONES PERMANENTES

COMISIONES ESPECIALES

DIRECTOR EJECUTIVO

SUB-DIRECCIÓN DE ASUNTOS REGIONALES

DPTO. DE SERV. GENERALES

SERVICIO DE TESORERÍA

DPTO. DE SERV. ADMINISTRATIVOS

SERVICIO DE COMPRAS

DPTO. DE SERV. TÉCNICOS

SERVICIO DE COBRANZAS

DPTO. DE COMIS. DE TRABAJO

SERVICIO DE ESTADÍSTICA

SERVICIO DE REPRODUCCIONES

CONSERJERÍA

SERVICIO DE SECRETARÍA

SERVICIO DE CONTABILIDAD

BIBLIOTECA
agreements and resolutions that come out of the Assemblies and the National Council; to establish the norms and conditions for the internal operation of FEDECÁMARAS; to study all matters brought to it for consideration by the federated organizations. It tries to find solutions for these matters by making demands and discussing them with the concerned institutions; to organize the regional assemblies of the federated groups in order to coordinate and take care of the specific interests of each of the groups.

The President. —The President is the highest administrative authority of FEDECÁMARAS. Among its main functions are: to preside over the Assembly, the National Council, and the Executive Directory; to represent the Federation in all public and private activities before any authority, person, or entity; to make sure that the agreements, and pronouncements of the Assembly, the National Council, and the Executive Directory are implemented; it supervises and orients the Federation, as well as the functions of the various departments and offices of the institution.

The Executive Director. —This official represents the Directory and the President in matters delegated by these; he has direct supervision over the technical and administrative structures and enforces the statutes of the Federation, and the orders coming from the President. The Executive Director also serves as General Secretary to the Federation. Both the Sub-Secretary for Regional Affairs, who is in charge of the permanent relations of the affiliated organizations, and the Sub-Secretary for Public Relations, who is in charge of relations with the media, and of relaying information to it, are under
The Various Consulting Departments

Communication.--This consulting department is in charge of planning the uses of the means of communication to the end of projecting the image of FEDECAMARAS, to propagate its doctrine, and to bring to the attention of the Venezuelan collectivity the Federation's opinions on those matters affecting the social and economic development of the country.

Economic.--This unit is in charge of consultation on economic matters, and of elaboration of reports on economic activities and measures that may affect these matters for the Executive Directory, the President, or the Executive Director.

Legal.--This unit is in charge of elaborating reports on legislative or any other legal matters, which may affect in a certain way the economic or social activity of the country. The reports may be solicited by the Executive Directory, the President, or the Executive Director.

Special.--This unit of the Federation, integrated by a group of specialists with ad honorem status, advises the Executive Directory in different matters requested by the Executive Director.

The Advisers

This unit of the Federation is integrated by the advisers to the institution. Any consultation requested by the Directory must be brought up to this unit.
The Permanent and Special Commissions

The Permanent Commission was created by the Directory. Its main function is to advise the same on matters requested by the Directory. The Special Commission was created for the study of specific topics. It reports to, and advises, the Executive Directory.

The Various Other Departments and Services

These units of the Federation are in charge of technical tasks, administrative and miscellaneous services.

The Role and Operation of the Assembly of FEDECÁMARAS

The major business of the Federation of Chambers of Commerce and Industry is conducted in annual assemblies, in which major themes dealing with national life are discussed, first in individual commissions, and later on by a plenary session of the Federation. The pronouncements of the Federation, if the affairs conducted affect it directly, become part of its body of doctrine, to be enforced during the year through its national directorate—which is also elected every year at the annual assembly. In any case, the Annual Assembly is the supreme body of the organization. The importance of the annual assemblies of FEDECÁMARAS have been commented on in many occasions, become the focus of attention on the part of the news media before, during, and after the time of the assemblies, and the major issues discussed are brought before the attention of public opinion in Venezuela. One of the major organs of
information in Venezuela, referring to the importance of the assemblies of FEDECÁMARAS, puts it this way:

... [I]t is the only way to study the problems of the country in an impartial and objective manner only in function of the national interest ... In Venezuela, the annual assemblies of FEDECÁMARAS, in its condition as maximum representative of the private economic activities, always constitute a transcendental struggle and have repercussions in the development of these activities, tracing new routes and setting new objectives, in pursuit of the supreme interest of the country; they indicate the routes to be followed, in economic matters without excluding its social aspects ... In their great formulation, [the] self interest [of the Federation] is not taken into account but only in the measure this is vinculated to the national interest, to which it has been always subordinated. 29

Armando Branger, who became president of the organization in 1963, describes the role of the assemblies in the following manner:

The fundamental importance of the businessman's contribution is placed in clear perspective by the entity which coordinates it—the Federation of Chambers. Our organization directs its permanent effort into constructive channels. Our work programs deal with the overall aspects of the economy. We seek to give our activities a unified nature, designed to foster in the businessman the recognition of his responsibility as a member of the community and of his obligation to cooperate with other groups in the solution of the country's problems. Thus, the agenda for our annual meetings regularly feature questions of major importance such as the direction our economic growth is to take, the subject of industrial development, the improvement of business and services, and the perfection of government operations with respect to economic policy, financial measures, and administrative structure. 30


Concerning the role of the Board of Directors of FEDECÁMARAS, Branger went on to express the following view:

The board . . . makes known its position, which reflects the point of view of the membership, on all public issues through carefully documented public statements. This sustained task of formulating basic principles, the constant reiteration of these principles, our presence in the sense of vigilance on public issues and the defense of the interest of the business community within the framework of the higher interests of the nation, these are the chief functions of our organization. 31

This role, as well as the doctrine of the federation, and of its organization, were again analyzed by Branger at the XIX Annual Convention of the Federation in 1963. The analysis is important because it was to be the general position of the organization before planning and the developmental task, as expressed by the different regimes. In the analysis was expressed the necessity for a more energetic defense of private enterprise, "even though FEDECAMARAS cannot limit itself to the exclusive representation of the entrepreneurial sector." 32 Branger put it this way:

It should not be thought that FEDECÁMARAS is the interested exclusive representative of a group, that is, of the entrepreneurial class. The task of the institution is directed, within its own principles and norms, to make this Nation prosperous, so that all its people could derive of that prosperity the personal benefit that would allow them to expect a better future for all. When we defend private enterprise . . . we defend the proper essence and the way of life that we consider more adjusted to the requirements of the country's development, and more convenient for all its inhabitants . . . . [Thus], [t]he task of the Federation is twofold: First, to defend those principles before the national opinion . . . and to act within the same in its position before the Public Powers; and, second, to orient its members and associates and the [private] entrepreneurial sector in

its totality. [However], [t]he entrepreneurs are 'free' to belong or not [to belong] to a party. Also 'free' to be 'independents.' What could never be [tolerated] is indifference [in order] not to fulfill a patriotic task. 33

Thus, it could be properly inferred from the above statements, that FEDECÁMARAS identified the prosperity and development of Venezuela with its own institutional position, and could not possibly conceive other "formulas" being advanced, that would compromise its position within the developmental framework. It is also clear that the institution was ready to defend its position before the regimes and to appeal to public opinion in any event in defense of its principles.

Venezuela's Development and FEDECÁMARAS

Despite the structural problems within FEDECÁMARAS, however, there seemed to be agreement—as far back as 1963—in one particular aspect: that the economic development of Venezuela was to be better achieved by the private initiative, rather than by the government. 34 Thus, in view of what they considered to be adverse past experiences, the group felt that any discussions of the trend of Venezuela's economic development inevitably had to

33 Ibid., p. C-1.

34 Though as previously stated the urban middle-class had advanced a similar position as far back as 1936. It is interesting to notice that the private business sector is at this time advancing a position concerning the "adverse experiences" of the members of AD in previous incursions into the economy in 1948. AD, on the other hand, at that time considered the business sector incapable of assuming leadership in any modernizing strategy, because it felt that the years of dictatorship under Gómez, López Contreras, and Medina Angarita had left this sector "weakened" and "unimaginative" for such a task. See "Background of Planning in Venezuela," Chapter II.
include the private business sector. This was especially so since there was extensive disagreement on the economic strategy that was to be followed in the optimum employment of the resources on hand for the fulfillment of the desired developmental goals. Thus, from the very beginning, the business sector was opposed to the state's intervention in the economy, fearing that such intervention was not to be effected in a judicious manner. The business sector also thought that such intervention would be conducive to the establishment of a centralized economic power, that would eventually be displaced by a socialistic system. Branger says in referring to these points that:

There is a substantial body of thought in Venezuela favoring state economic interventionism. No one would deny, in absolute terms, either the right or the obligation of the state to intervene temporarily in certain specific areas. By the same token, it is inadmissible that, in the name of that right and duty, the whole fabric of our decentralized economy, of a capitalistic type, should be disjointed. This economy is based on private control of the means of production and the principal sustenance of the economy comes from production united under that control. The advocates of all-out state intervention do not seek moderate and judicious government participation, but the establishment of centralized economic power which, in the long term, will destroy the existing economic order replacing it with a socialistic system.35

It was the opinion of the business sector that such a theory was advanced because of outright hostility on the part of certain political groups (making reference, no doubt, to AD) toward private initiative and the efforts of this to increase national income and wealth. Thus, the sector believed that the Venezuelan Government should have concerned itself, or engaged its financial and

administrative resources in the development strategy, only with the development of those services essential to the growth of the economy and with the development of programs intended to improve the attitudes and productivity of the people, such as education and training. In short, according to the above line of reasoning, the proper role of the Venezuelan government in economic development is to provide the appropriate infrastructure and framework within which the private sector would be undertaking the developmental task. The government is to intervene in the economic activity only when it is absolutely necessary to introduce improvements in production, distribution and consumption relationships in order to eliminate obstacles that could jeopardize the task of the private sector. It was with this particular attitude that the private business sector, as represented in FEDECÁMARAS, initially went on to consider developmental planning, and the planning strategy, in Venezuela.
The previous chapter examined the socio-economic background of the business sector in Venezuela. It also examined the composition of the structure, initial role and goals of the Federation of Chambers and Associations of Commerce and Production, maximum representative of this sector, in the economic development of Venezuela. In regard to its role and goals, the chapter portrayed the initial reactions of the organization to certain theories favoring state intervention in the economy that the Federation believed ran contrary to the role of private initiative in a free enterprise economy, and that were associated with the introduction of planning in the country. In this chapter, we will examine the position of the government on economic policy and the reaction of FEDECÁMARAS to this position. We will also examine the initial reaction of the organization to developmental planning. The consideration of the planning strategy almost split the institution into two warring factions. A document—the Charter of Mérida—was produced in the Assembly, which represented a compromise concerning the position of FEDECÁMARAS toward the planning strategy for development. Finally, the chapter will examine the organization's initial efforts to attract public opinion's attention to the private business sector in the
plans, and the efforts made by the government to attract the participation of the institution in the planning strategy.

Though planning had been introduced in 1958, the government of Romulo Betancourt had yet to define its goals by the year 1962, either in the economic field or in the political and social sectors.\(^1\) In fact, as late as 1962 the regime of Betancourt was still fighting for its life. The political crisis of 1962 caused by the marines' uprising in Puerto Cabello and Carupano, unleashed a series of events that put in danger the shaky bases on which democracy rested in Venezuela.\(^2\) An example of the errors made in the economy at the time could be observed in the lack of coordination (and contradiction) in the work of a government organization in the poultry industry. This also gives an idea of the lack of

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\(^1\)Friedmann states, for instance, that these objectives had been advanced in the platform of Acción Democrática in 1958. This is partially true, however, for as a doctrine, involving the private sector and other organizations, it was not announced and defined, until 1962.

\(^2\)La Esfera (May 10, 1962), p. 13. Another observer of the situation described this in the following manner: "This has called attention to the problem that beset the Alliance for Progress. The situation that stirred it indicated the severe test that political instability and economic imbalance pose for the United States' aid in Latin America . . . . Venezuela, under Betancourt presents the most complete example . . . of the problems and pressures confronting a Latin American country engaged in the battle to develop economically and socially while maintaining a democratic form of government . . . . Politics and economics blend in Venezuela to form the morass of problems facing the Betancourt regime. The regime is hated by the Left-extremists because they think that the President is not doing enough and because he is not an imitator of Fidel Castro. The Right-Wing extremists hate . . . Betancourt because they think he is doing too much; because he is upsetting the traditional pattern of the rule by a wealthy minority, and because in their eyes he is secretly a Communist. The inevitable administrative and bureaucratic bottlenecks in a country without much democratic or responsible governmental experience are cited as proof that President Betancourt is a failure and must
experience and information in the planning structure. Consider, for instance, the following description of the work of that structure:

During the primary phases official [government] entities lended a well-intentioned collaboration that permitted the setting up of small poultry establishments in different regions of the country. The [initial] marketing study that was made to calculate the possibilities of selling the product of the farms was exaggerated and the surplus that resulted from this coincided with a decision on the part of Fomento to grant import licenses [to bring into the country] fertilized, refrigerated, and powder eggs. This [action] brought bankruptcy to a multitude of men who had placed their money into the enterprise. The State will lose the money that it has provided to promote aviculture—a . . . mistake in the official protectionist policy. Money is allocated to promote an enterprise, its protection is announced, and suddenly it is announced that it [the product] is going to be imported.3

It was at this time that one of the organizations affiliated to FEDECÁMARAS, worried about what it considered "the excessive expenditures of the State,"4 began to talk about the necessity of delimiting, through a statute, the "proper functions of the state and that of the private sector,"5 in order to solve the economic difficulties and bring some trust in the government. This line of reasoning was stated in the following manner:

The necessity to solve the present economic difficulties could be summarized in two factors: trust and austerity. The observation of austerity will stimulate investments . . . . The austerity, of which it was talked about in 1958 and successive years, indicates the convenience of not continuing increasing expenditures. To limit ourselves to what we have, escalating for the future the plans without pretending to achieve everything in one period . . . .

Today, with an intensive industrial development, if we open

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possibilities to commerce, mining, and the agropecuarian activity, we could affirm that there will be employment for all. [However], a statute must be elaborated that should indicate with all clarity what we are going to leave to private activity and which [activities] to the State.

In these circumstances, and to discuss the importance of the entrepreneurs and of private enterprise's organizations within the life of the nation, FEDECÁMARAS opened its XVIII Annual Convention, the 25th of May of 1962. The meeting was to mark a new direction for the Federation.

As was stated previously, the assemblies of FEDECÁMARAS are characterized by the fact that in them is exposed, in a broad context, the specific problems facing the national economy, as well as other important social and political issues affecting the nation, thus bringing these to the attention of public opinion in Venezuela. The Federation's conclusions comprise a synthesis of the best ideas formulated in the Assembly and are intended to serve both as a guideline for government policy and public opinion in weighing the actions of the government.

The XVIII Annual Convention of the Federation, held at Mérida, is important because it was not until then that a clear formulation of the "Economic Policy of the Constitutional Government" was made. The clarification was requested by the Federation, which, anticipating that it was going to be directly affected by the policy, came prepared with a "Document About the Requirements for the National Economic Development," to be presented to the convention, and

\[\text{\footnotesize \text{\textsuperscript{6}Ibid.}, p. 8.}\]
to representatives of the National Government attending the same. The Federation was thus making its own recommendations to the government about what it conceived to be the necessary requirements for a sound development for a nation whose leaders it considered inexperienced in such matters. This position was further strengthened in a document drafted at the convention stating the position of the private sector. This document came to be known as La Carta de Mérida (The Charter of Merida).

At the convention of FEDECAMARAS, two important conferences were to take place: The first of these conferences was oriented to an elaboration of a thesis concerning the duties and norms of conduct of the entrepreneurial class before the social, political, economic, and cultural evolution of the nation. The second conference was to make emphasis on a formula for expressing, in "a coherent and important way, ... [the] entrepreneurial thought and action, and to make their opinions count, as a way of contributing to the solutions of the national problems, and in defending and safeguarding its [own] specific interests ..."7 This conference was to deal also with the "vigorization of its [the Federation's] basic economic organizations and the development, in depth, of work having an institutional character."8

To study the "different and complex problems of the national economy," the convention divided itself into five commissions. This division into commissions has been described as being done in the following way:

The first commission was to study the general orientation of the national economic development, based on four important points: (a) an analysis of the structure of production and employment, (b) [the] diversification of productive activity, (c) [the] requirements of the diversification policy, and (d) [the] principles of the political economy of integration. These themes consider the basic aspects implicit in the orientation and evolution of the national economy.

The second commission dealt with the consideration of the progress and problems in the national sectors of production, and included five points [among which the following are of particular importance]: (1) . . . [a] problems derived of the execution of the agrarian reform [program], . . . (2) . . . the development problems of the diversified branches of national industry, (3) the basic problems of commercial and services' activities.

The third commission dealt with the analysis of tax policy in relation to the national economic development. [Among the points considered, the most important seemed to have been number] (4) the tax burden on . . . personal property in relation to the thesis concerning the increase in taxes for some determined sectors as a way of distributing the national income . . . .

The fourth commission was to make an examination of the development of labor policy in Venezuela [and among four points considered, number] (2) characteristics and new trends in the hiring of labor in Venezuela [was the most important].

The fifth commission was to deal with regional development and other topics . . .

All the above points to be considered by the convention, in the different commissions, were supposed to have an impact, according to the Federation, on the private sector. Of particular importance were the tax policies and the policies concerning trends for hiring labor in Venezuela, to which the Federation was openly opposed, for it considered that the economic development of the country could not proceed without an adequate supply of trained or skilled labor. This policy, however, was of particular concern to the regime, which

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10 Ibid., p. 9.
had the solution of the unemployment problem in Venezuela, as one of the most important political objectives of the planning strategy.

**Position of Government on Economic Policy**

On opening the convention of FEDECÁMARAS, the Ministry of Fomento, after recounting the progress of Venezuela in the 1950's, advanced the main outlines of the government's economic policy. The Speech, in essence, was to ratify the "unmodifiable purpose" of the National Government of achieving the rapid industrialization of the country. This, in the words of the Minister,

... should not be interpreted as a program of a government, but as an historical imperative that nothing, nor anybody, will [be able to] stop.  

For attaining that objective the government was to adopt a group of measures to stimulate Venezuelan exports with the government itself financing the industrial development. It was also intending to change the face of industrial production in the country. Along these lines, the government was to become engaged in an integral process of industrialization that required the development of industries oriented to producing final consumer goods, as well as intermediate and capital goods. This method was supposed to discard the private sector's orientation to production in the last stages of elaboration, with strong dependency on inputs coming from abroad. The government also intended to limit its entrepreneurial task to public services' activities and to basic metallurgic and petrochemical industries. The reason for this was the nature and importance of

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these industries: they required great investments and were to be suppliers of raw material for many other industries; one reason, according to the government, why they could not be managed by the private sector. However, while the government was intent on achieving the proposed objectives, it also recognized that it could not do it alone. Thus, an appeal was made by the Minister to the private sector "for harmonizing the union of responsibilities for the attainment of the integral industrial development objectives."\(^{12}\)

This is not the way the private sector saw the orientation of the government, as will be observed later on in the discussions that took place within the assembly, and the resulting pronouncements made by the Federation. This despite the reassurance given on the same speech by the government, through the Ministry of Fomento—a speech that was veiled with a defense of the collective interest. To that effect, continued Godofredo González:

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\ldots \text{We should not forget that the basis of our legal-economic organization rests on a system of free enterprise. [But] \ldots it is thus decided to put an end to that inhuman and unmeasurable freedom of previous centuries that only resulted in the dominance of the great and powerful over the weak and small. [The intention is, then, to institute] a well understood freedom \ldots the one that without egotism puts before its own interests, the collective interests} \ldots \text{.}^{13}\]

Essentially the same aspects were emphasized in the speech given by President Romulo Betancourt at the closing of the convention, stating the "Economic Policy of the Constitutional Government."\(^ {14}\) Betancourt, however, was more explicit concerning the ultimate objective of the industrialization

\(^{12}\text{Ibid., p. 1.}\) \(^{13}\text{Ibid., p. 6.}\) \(^{14}\text{La Esfera (May 31, 1962), p. 4.}\)
program as it related to the provision of employment opportunities, as a basic political goal of the regime. As such, emphasis was given to the development of certain industrial sectors and to the promotion of foreign investment in the country. Concerning the latter, Betancourt made an appeal to small groups in the country to get rid of their fears and to encourage the arrival of this capital, which was needed to supplement the insufficient amount of national savings for the full development intended. The only qualification made by Betancourt was that the capital contributed to the industrialization program, 

... without provoking the displacement of Venezuelan investors; preferably associating ourselves with them and giving our entrepreneurs the valuable pool of technology and experience. We do not maintain any mental reservation in the presence of foreign capital ... because we believe in the sincerity of the policy enunciated at the historic meeting of Punta del Este ... 15

A warning went also to the groups which, in his opinion, were opposed to this Constitutional Government measure:

... [T]he Constitutional Government finds itself engaged in the laborious task of establishing the definite bases of the democratic system ... . This conduct ... has not ceased to be interpreted by not well [intentioned] groups as symptoms of an apparent weakness ... 16

Actually, FEDECÁMARAS did not fear the arrival of foreign investment. Rather, the Federation considered all along that foreign investment would be beneficial to any program of economic development, for it would bring with it the technology and experience, as Betancourt recognized in his speech,

15 Ibid., p. 6. 16 Ibid., p. 6.
necessary for the success of the program. \(^{17}\) Some elements within the Federation, however, were opposed to one form of foreign capital, namely, to the funds channeled through the Alliance for Progress, which constituted the nucleus of the resources to be utilized within the planning strategy for development. And this opposition stemmed mainly from the fact that the private sector was not to be taken into consideration when making the decisions to be embodied in the Planes de la Nación. The private sector objected very strongly to this, and as will be seen later, the regime and CORDIPLAN came to realize that to exclude the sector from some kind of participation was virtually impossible.

Concerning the priorities for the industrialization program, both the manufacturing and construction industries were to be the main targets for the generation of employment opportunities. Thus, the first order of business was to require a "careful programming"\(^{18}\) of the politics to be applied to it, in the future, with the objective of achieving a "maximum and better utilization of the available resources."\(^{19}\) An industry that was going to receive top priority also was the Construction Industry, because of "the multiple relations that it has with the many manufacturing branches and because of its ... high

\(^{17}\) On the other hand, there are some extremely nationalistic groups such as Asociación Pro-Venezuela, which are opposed to any further introduction of foreign capital in Venezuela.

\(^{18}\) La Esfera, op. cit., p. 4.

\(^{19}\) Ibid., p. 4. For a detailed account of the industries that were given priority to fulfill the employment goals delineated by Betancourt, and stated in the Planes de la Nación, ibid., p. 4.
capacity to generate direct and indirect employment."

Thus, within this framework, the Government announced that it was expecting the collaboration of the private sector for the fulfillment of the objectives traced in the Planes de la Nación. To that effect, said Betancourt:

Knowing the extension of the entrepreneurial action of the State in the economy, the private sector places itself in conditions of acting with greater security. Thus, it will be produced a collaboration and complementation between the action of the public sector and that of the private sector with the end of accelerating the economic development.  

**FEDECÁMARAS' Reaction to the Position of the Government**

Despite the plans of the government to elicit the cooperation of the private sector, as enunciated in Betancourt's speech, the former, as stated before, had gone prepared to examine and present to the government its own document. In it, the organization stated what the private sector considered to be the necessary pre-requisites for any development to take place. According to the basic document of FEDECÁMARAS:

There does not exist within the free-enterprise system [nor] within the democratic system [in Venezuela], the basic conditions for the development of the economic activity: (1) legal ordering to define faculties, and (2) public administrative organization to guarantee its fulfillment.  

Concerning the public administration, the Federation emphasized the "negative indexes" offered by the economic activity in all sectors, and the lack of confidence in any legislation. These, in its eyes, offered small security, and were:

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20Ibid., p. 4.  
21Ibid., p. 4.  
. . . pointing out to us the defects and limitations of the public administration—defects that it is necessary to correct so that administrative action could flow within the channels dictated by the law. 23

The Federation was thus concerned not only with the foundations of the democratic order in Venezuela—which it considered extremely weak and inexperienced—but also with the insecurity presented by the nonexistent legal-economic order. For example, according to the Federation, this ordering did not exist nor was it to be found in the planning activity of the government.

Said the Federation:

. . . One could also ask, if the Venezuelan economy rests on the petroleum activity, which has been the ordering that has been dictated to substitute it? What has been planned to substitute, as engine for the dynamics of the national economy, the former petroleum activity? This is an example of the lack of order that creates insecurity and recession. 24

In these circumstances, FEDECÁMARAS, feeling that the National Government was incapable of ordering the economic activity, began to offer its services to improve those provided by the State. It was decided to request from the government an explicit definition of economic policy, and at the same time exhort the economic groups within the organization to incorporate themselves to the public administration of the country, in order to improve the efficacy of the same. The Federation put it this way:

We find ourselves with a great governmental task that has not been organized nor has the capacity . . . to guarantee the fulfillment of the laws. We propose, then: (1) to direct a communication to the National Executive requesting a formulation of an exposition of

23Ibid., p. 8. 24Ibid., p. 8.
principles and [a] general outline of the development of the national economic policy; (2) to point out . . . the imperative . . . necessity that . . . it should be proceeded with the application of the operating legal precepts; (3) to exhort all the organizations and sectors represented in the Federation of Chambers and Associations of Commerce and Production to incorporate themselves to the public administration's task, giving all they can possibly [give] to the achievement of greater administrative efficacy.

To carry out the above task the Assembly recommended to the Directory of FEDECÁMARAS the elaboration of a study to determine in what way the private sector could offer its collaboration, and thus its incorporation, to the public administration's activity of Venezuela. The above declaration was also supported by a strong pronouncement presented in the Assembly by one of the most powerful groups within the Federation--The Chamber of Commerce of Caracas--exhorting the former to come out of the "dialectic and polemic terrain, and manifest itself in an effective manner." Thus, said the Chamber:

It is already urgent that the opposition to the expansive tendency of the State comes out of the polemic and dialectical terrain and manifest itself in an effective way, putting the rigor, [the] discipline, [and] the strict administration that are . . . peculiar characteristics of private enterprise, at the service of the collective necessities.

25 Ibid., p. 8.

26 Ibid., p. 8. The polemics that developed, however, was to be resolved through a compromise within the institution which resulted in the issuance of the Carta de Mérida (The Charter of Mérida). This polemics, it is true, threatened to divide the organization, and some writers, e.g. Friedmann, take the mistaken view that the organization actually emerged from this assembly as a divided entity, some members favoring planning and others opposed to it. The truth is that the compromise reached at Merida not only preserved the unity of the institution but in later years was to serve as a basis for evaluation of the economic policies of the regimes.

27 Ponencia, Chamber of Commerce of Caracas, Ponencias y Actuaciones, XVIII Asamblea de FEDECÁMARAS, Caracas, 1962.
In this same pronouncement was expressed what was considered to be a supposedly slight change in attitude on the part of the private sector toward the social order in general, and away from its primary concerns and interests. This change was almost offset by the bickering among conflicting groups within the Federation. This culminated, after the speech of Betancourt, in the pronouncements embodied in the Carta de Mérida. Thus, continued the Chamber of Commerce of Caracas:

Before, the attitude of private enterprise was . . . the exclusive finality of making a capital produce—meaning, the obligation to maintain all the diverse factors that integrated it in the most favorable conditions of performance and efficacy. Also, [it meant] bringing a utility to its capital, the conservation and amortization of its equipment, [and] the expansion and betterment of its products and services. This classic conception of the enterprise . . . is being overcome . . . [E]ach [year] it becomes more . . . obvious that modern private enterprise has to concern itself also with attending to demands [of society], and its personnel with satisfying [the] necessities of a social order. . . . [F]ree . . . enterprise is acquiring today an obligation . . . to cooperate in giving due attention to other necessities that other broad sectors of the collectivity . . . are suffering. 28

To that effect, it recommended that enterprises be incited to collaborate in the betterment of living conditions through an effective social, educational, and cooperative action, in order to contribute to the satisfaction of such collective necessities as: assistance to children, preventive medicine, youth education, development of scientific investigations, and construction of housing for workers in the countryside. In addition, the Federation was to request of the National Government and the Congress, application of measures

28 La Esfera, op. cit., p. 8.
favoring private initiative in the realization of these activities. Explicitly, it was soliciting tax exemption for whatever economic resources were to be placed at the service of those collective necessities; a contribution on the part of the Nation to these activities; and broader support for the private institutions in existence and for those that were to be created to meet the general necessities, as well as respect for the initiative of the promoters of the activities.

Thus, from the above it is evidenced an interest in putting the services and the resources of private enterprise at the service of society, to help the government in the solution of the country's problems. But, whereas the Chamber of Commerce of Caracas was presenting this ponencia, which was not to be seriously considered until much later, the Chamber of Industries of Caracas presented another one which was much to the liking of the Federation. In this ponencia the demands for technical qualifications for employment in the private sector were to prevail. Thus, the Chamber of Industries of Caracas recommended:

... (1) to promote and stimulate the study and investigation of the technological problems faced by [the] national industry and that refer fundamentally to technology [in all its aspects]; (2) to recommend the continuous and systematic training of the population and, in particular, of the Venezuelan youth at the university level as well as the foreman level and the intermediate brackets of the industrial structure, with the purpose of orienting its abilities and natural talents toward the needs of the national industry; (3) to suggest the suppression of legal and administrative hurdles that hinder the contracting and entry into the country of technicians and qualified foreign workers that
could be incorporated to the national industrial activities.  

Specifically, however, while the private sector was taking an interest in the technical education of the youth, the pronouncement was oriented to the last point made above. It was also concerned with the fact that the private sector was interested in the government providing the necessary framework (legal, fiscal, and administrative) conducive to the study of technological needs, and to making the necessary adjustments in its educational policy to orient this policy to the meeting of the needs of the industrial development. Above all, however, the private sector held the view that activities directed to prepare the population along technological lines, and any study dealing with these needs, should have been conducted by the sector, since these activities involved questions related to efficiency cost and, therefore, the entrepreneurs felt better qualified to do it.  

However, though the suggestions were made, and the private sector assumed a "cooperative" attitude and participated in such programs later on, the climate within the convention before what they considered to be the designs of the State was such, that the discussions of the problems of development only threatened the very existence of the Federation.

Division on Developmental Planning and Compromise Through Charter of Mérida

It was in this climate that the convention of FEDECÁMARAS split into


30 *La Esfera, op. cit.,* p. 9.
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camps—effecting a division between what appeared to be "conservative" and "liberal" or "progressive" elements—that almost put in danger the institution. Many businessmen were suspicious of the government's intentions. However, the main issue of contention was the extent to which government should become involved in the area of decision-making reserved by tradition to the private sector. The business community was divided on that question, and the two opposing sides were locked in a struggle for control of the powerful Federation, and the last word on the issue. Members of the so-called "old oligarchy" within the business institution were among the leaders of the "conservative" wing, and they represented primarily the commercial and financial interests centered in Caracas. This group championed the concept of free enterprise. The "progressive" wing tended to coalesce around the so-called nonpolitical organization Pro-Venezuela. This organization spoke chiefly for the new industrialists, commercial farmers, and small merchants throughout the

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31. These lines are based on Friedmann's descriptive analysis of the situation. See Friedmann, Venezuela: From Doctrine to Dialogue, op. cit., pp. 42-44. It is important, however, not to confuse the two organizations—Pro-Venezuela and FEDECÁMARAS, as appears to be the case in Friedmann's analysis—since both have different objectives, and the latter was never subordinated to Pro-Venezuela.

32. Pro-Venezuela was founded in 1958. Basically, this organization was sympathetic to the government, although it maintained a non-partisanship's public stance. Its membership was, and still is, broadly based, and included in its National Council most of the important organized interest groups in the country, namely, the Church, most professional associations, the institutions of higher learning, members of the military, representatives of some newspapers, and women's groups. A good account of the activities of the organization, at that time, may be found in Asociación Pro-Venezuela, Memoria y Cuenta, 1961-1962.
country. Its position was very "nationalistic," and among its primary goals was the rapid industrialization of Venezuela's economy, but an industrialization done by Venezuelans and for Venezuelans. Concerning the "nationalism" of Pro-Venezuela, and how the organization is viewed, the following is very revealing:

. . . [People] saw there [in Pro-Venezuela] the creation of an institution to defend industrial as against popular interests. The industrialists want protection in order to profit—that was the theme which was backed and promulgated by the sectors hurt by nationalism, for example, by importers and chambers of commerce . . . . Foreign capital uses other instruments . . . of subtle pressure . . . stimulating these campaigns among importers, behind the scenes with government officials, and pressuring powerful members of the institution [Pro-Venezuela] to undermine their help to the organization.33

As regards Pro-Venezuela, unfortunately, . . . there have been other kinds of frictions between the two business organizations [FEDECÁMARAS and Pro-Venezuela], frictions that above all have first and last names [i.e., involve individuals].34

Though this particular struggle and, then, the election for the Directory of FEDECÁMARAS, threatened to split the institution, the "conservatives" still managed to maintain their position.35 However, the reconciliation of forces, and the compromises worked out within the group, produced a basic

33 VENELITE, Interview 003006, pp. 90, 96.

34 Ibid., Interview 323281, p. 49.

35 They were not entirely "defeated three years later," either, their "final defeat eroded by the changing political tides of the country," as Friedmann states (p. 44), for the documentation collected by this writer, and corroborated in VENELITE, seem to support the reasoning that, if not in all instances, "the elder statesmen have continued to provide the leadership in the Federation."
policy statement: "The Economic Charter of Mérida," outlining FEDECÁMARAS' views on the role of private enterprise in a developing economy. These views are important, for it appeared that no planning policy could be formulated and implemented, without the support of the private sector, represented by the Federation. The tone of the document, which was doctrinaire, left no opening for conversations with the government. On specific subjects it diverged sharply from existing government policies--i.e., in the dealings with the petroleum policy, and on the question concerning the solution of the unemployment issue. On the other hand, and what is equally important, the document represented a compromise between the two major factions within the institution and was, thus, unanimously approved. The compromise effected within the Federation was seen, at the time, as marking a new conduct on the part of the private sector vis-a-vis the State. However, the point that was missed was that the latter was seen as an intruder in the economic activities of the country. The State was to be tolerated only because such action constituted a necessity within the historical circumstances in which the country was finding itself and only because, in judging the development of the economy of the country, the State was to constitute a "moderator." The intrusion was to be tolerated also if such intervention was not to imply the purpose of perpetuation. The Preamble of the Charter of Mérida is very explicit on these matters. However, this also specifies that:

... the acceptance of this reality does not involve and obligation to be docile before manipulations of the State in the economy. . . . .

[T]he conditions for the intervention of the State are accepted, but
only in those cases in which private enterprise will not be in a position to absorb the responsibility in the industrial and commercial matters in which the State may wish to interfere. In any case, the State . . . is obliged . . . to transfer to private enterprise part, or the total of the enterprise that it would administer, except those that would be essential for the security of the Nation. 36

First Efforts to Attract Public Opinion's Attention

As will be already noticed, this "attitude" or "orientation" on the part of the Federation, aside from the fact that it was directed toward the regime in power and toward the developmental policies it was trying to implement, was mainly directed toward gaining the attention of public opinion in Venezuela. In other words, the orientation was supposed to contribute to bringing an awareness as to what the problems were or, in the words of the Federation, "to contribute to an orientation of public opinion in the country on fundamental problems affecting the nation." 37 Specifically, the Federation found it indispensable to present, to all sectors, its thinking on economic and social matters. It also believed that by doing so the entrepreneurs were making a constructive contribution and performing a civic duty. Moreover, the Federation did not appear interested in formulating development plans. It was merely interested in offering guidelines, and in the definition and orientation of the


37Preámbulo, "Carta de Mérida" and El Universal, ibid., p. 11.
development effort as reflected by the national reality. Thus, said FEDECAMARAS:

The formulation of a development plan would not be an appropriate task for our Assembly, and our purpose is to present . . . a basic sketch where guidelines would be formulated that would [tend to] conciliate and guide the numerous and diverse collaborations that the realization of the national development imposes . . . [It] is indispensable, [then], to define the general orientation of the economic development . . . at which it could only be arrived through an analysis of our reality. In consequence, it becomes necessary to initiate this declaration with a broad-scale vision of the national panorama, trying to identify . . . the fundamental social and economic problems of our country.38

In effect, the fundamental document begins by describing the national panorama, making reference first to the Venezuelan social reality, and the magnitude of its problems; then, it makes reference to the stagnation of the economy which, according to the institution, had caused a state of social backwardness. For instance reference is made as to how production had only increased at the rate of 1.5 per cent, in contrast with an annual population increase of 4 per cent.39 After analyzing the possible solutions, the document begins a critical analysis of the problems. In another section, the document talks about the necessity to set up, as a national objective, a politics of economic development, in which an analysis of the imbalances of the economy would be made, annotating the more advisable solutions for the moment. Among other solutions, it proposes "the urgent adoption of a policy to stimulate national

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savings and security for foreign and national capital that must be invested in the country. The document also points out the necessity of adopting a better system of administration of the fiscal resources of the nation, and of an adequate investment of these, if done with better planning. In chapter five the document deals with the "petroleum policy," referring to it as being "of capital importance" for the economic development of Venezuela, and criticizing the government for the policy that was devised for that sector. Concerning this policy, the document stated:

The present petroleum policy of Venezuela— at a moment when the petroleum industry goes through a stage of strong competition— , has not attempted to stimulate its development permitting it to compete in unfavorable conditions in the international market . . . .

In consequence, then, the charter delineates the principles upon which a petroleum policy must be based.

Special emphasis is again made on the industrialization policy, its definition, and on whom is going to fall the task of carrying this out— that is, the best personnel qualified to do it. Again, emphasis was placed on the fact that industrialization should be a task for private initiative and private enterprise, for, as the Federation had stated before, private initiative and private enterprise were "the only one[s] capable of organizing in an economically efficient manner and without bureaucratic favors, the productive resources of

40Ibid., p. 11. Surprisingly, though recognizing population to be a problem, and proposing some solutions, certain segments within the institution did not consider it a pressing one at the time.

41Ibid., p. 11.
the country. They are the only [ones] capable of adjusting itself faithfully to
the dynamic transformations of the technological and economic realities."\textsuperscript{42}

Other matters that the document considers are: the necessity for bal­
ancing the budget; the reorientation of public expenditures toward reproductive
ends; the rational use of public credit as an instrument of national develop­
ment; the setting up of private enterprise criteria for agrarian reform, and
agricultural development policy; monetary policy; and, finally, labor policy,
on which an analysis is made concerning the ways in which this should be de­
veloped in order to obtain the best results.

The 1962 assembly of FEDECÁMARAS was important because it stud­
ied, and brought to the attention of the government, the planning agency
(CORDIPLAN), and the public, all the economic and social topics about which
the Federation had knowledge, and which is considered of critical importance
to resolve. However, some matters were completely new. Among these, the
most important were: the necessity for adopting special measures to stimu­
late the promotion of technological research and studies oriented to the national
industrialization; training of the working population, and the suppression of
legal and administrative hurdles that hindered the entry into the country, and
the contracting, of foreign qualified technicians and labor. In total, more than
fifty recommendations were made to the National Executive.

However, the most important document to be presented by the

\textsuperscript{42}\textit{Ibid.}, p. 11.
government, and that aspired to become the foundation for the formulation of an integral economic policy encompassing the spirit of "a modified attitude" on some aspects of the State vis-a-vis private initiative, could not be considered by FEDECÁMARAS at that time. Nevertheless, as it was stated at the time, "it is well known that the great majority of the directors of FEDECÁMARAS have maintained an attitude of reserve before some postulates of the mentioned official declaration."^43

The Charter of Mérida, then, reflected the firm purpose of the private initiative to make a positive contribution, by all means, to the national progress, with the idea of maintaining, or, at least, helping to reinforce the institutional and democratic principles in Venezuela. But it also represented a very strong indictment of the government's procedures and policies. It reaffirmed its idea that planning for economic and social development could be better organized and accomplished by the private sector—the only one, according to them, capable of ordering the resources of the nation in a rational and efficient way, and without bureaucratic dispensations or favors.

**FEDECÁMARAS and the Study of the Plan de la Nación**

As has been already seen, planning for economic development in Venezuela, could not have proceeded, though reluctantly, without consultation with the private sector of the country, and without discussions of the main issues

dealing with such development. The place to discuss these issues is, thus, within the annual assembly of the Federation of Chambers and Associations of Commerce and Production, where a confrontation takes place between sectors representing the government and those representing the private sector. This setting also provides an opportunity for public opinion to become informed about the issues the government is dealing with, as well as about the progress of those policies that it wishes to formulate and/or implement, or about the incapacity of the regime to deal adequately with issues pertaining to economic and social development. FEDECÁMARAS is, thus, an organization that must be consulted, since without such consultation the formulation and implementation of the planning strategy would be almost an impossibility.

In the 1962 convention of the Federation it was observed how opposite and controversial ideas were to emerge concerning the direction, content, and participation in the economic development of Venezuela. There, those favoring the "social economy of the market"--the so-called "neo-liberals"--stormed with "youthful impetus" into the Federation. The Charter of Mérida doctrine, the resulting compromise between the opposing camps within the organization, though momentarily resolving the crisis within the convention, and preventing a permanent disequilibrium within the institution, still left problems unresolved. The apathy, and especially the mistrust, demonstrated by the private sector toward the programs of the government could be observed, for instance, in the lack of interest demonstrated by the industrialists in the plans that the government had to grant credits to the private sector
to set up or develop industries. This apathy was described by some informed sources this way:

Great economic resources of the State, especially for industrial credit, could not be placed. The Corporación Venezolana de Fomento [C.V.F.] has a line of credit of 10,000,000 million dollars with the Inter-American Development Bank, and another one of 7,500,000 million with the Import-Export Bank, that have been intact since October 1961. In addition [it also has] other strong resources of its own that it has not been able to place, due to the lack of interest shown by the industrialists. 44

The same lack of interest was demonstrated by the industrialists in relation to new programs developed by Fomento to promote investments in Venezuela, such as the leasing program of "fixed assets with option to purchase." 45 This apathy toward the government programs, then, though in many occasions denied by the government officials, was produced by the lack of trust in both the regime and the planning task. It was in these circumstances that the Nineteenth Annual Convention of FEDECÁMARAS was inaugurated in Barcelona in 1963. The convention was to consider planning in Venezuela and, especially, the Plan de la Nación 1963-1966, elaborated by CORDIPLAN. At the convention the Federation was to discuss also a document prepared by the organization entitled: "Bases Generales del Desarrollo Económico con el Objetivo de Formular un Plan de la Nación" (General Bases of the Economic


45 Ibid., p. 1. The leasing program of "fixed assets with option to buy," was a program intended mainly to encourage investment of capital by the entrepreneurs, in the development effort.
Development with the Objective of Formulating a National Plan). This docu-
ment was to reflect a private sector's point of view on the matter. It was also
supposed to give a sense of "integral programming" to the principles and pro-
nouncements of the Charter of Mérida. This last point was particularly sup-
ported by the "conservative" wing of the Federation.

At this meeting of the Federation, the Minister of Fomento, Luis
Vallenilla, re-emphasized in his opening speech what he had stated in the pre-
vious convention, concerning the industrialization of Venezuela as being an
"historical imperative"—an industrialization that was destined to be effected--
and not the whim of a group or a particular government. Emphasis was again
given to the government's protectionist policy--the limitation of import of cer-
tain products as the only means to defend the national production from foreign
competition and assuring the national progress. This protectionist policy was
being complemented with the granting of rights to import raw materials, ind-
ustrial equipment, credit aid, and technical assistance. In this last area, the
Minister underscored the efforts that were being made to prepare the man-
power for the development program:

Concerning technical assistance, it is well known the eminent
functions that the Venezuelan Institute of Productivity has been
providing, with its courses in high [level] management, simu-
lation of decisions, marketing techniques, etc., complemented
by those given by the National Institute of Cooperative Education
[INCE], in the formation and training of specialized manpower

This particular pronouncement, concerning the preparation of personnel with the necessary specialized knowledge to be employed in the industrial program, was of importance to the private sector. One of the main political objectives, to be achieved through the planning strategy, was the creation of employment opportunities for the ever-increasing population of the country. On the other hand, one of the main objections of FEDECÁMARAS was that it saw in the industrialization policy a way to force the private sector to create employment opportunities, and security in employment, for the working population.

FEDECÁMARAS objected to it on the basis of this population lacking the necessary qualifications and skills' specialization. Hence its position concerning the preparation of personnel, and the importation of specialized manpower from abroad to undertake the functions of development. Therefore, reassurance had to be given to the Federation and, thus, to the private sector that this specialized manpower was being created. The speech delivered by Luis Vallenilla provided the organization with this reassurance.

The convention of FEDECÁMARAS also offered the organization an opportunity to make an analysis of its doctrine and direction. Thus, in his opening speech, as president of the Federation, Armando Branger stated the need for a "more decided defense of private enterprise—even though FEDECÁMARAS cannot limit itself to the exclusive representation of the entrepreneurial sector."\(^47\) Branger then proceeded with the elaboration of the above points, and

\(^{47}\text{ibid.}, \text{ p. C}-6.\)
with a reiteration of the orientation of the organization. In this speech, Branger also talked about the "good relations with the Public Powers," with the democratic political parties, and with the labor sectors: about "not doubting" at any moment the "lending of his participation in defense of the democratic institutionality." On the other hand, he mentioned the possibility of a "restructuration of the institution to strengthen the internal ranks of FEDECÁMARAS." However, concerning the last point he considered that the moment had not arrived yet, in the development of the economy, that made convenient a modification in the structure of the Federation, to convert it into a Confederation. In the meantime, he exhorted the members to continue strengthening the grass roots' organization so that they could be of utility to the associates, and could lend their support to the Federation.

**Reservations Before the Plan de la Nación**

As stated before, the document entitled, "General Bases of the Economic Development . . . ," presented by FEDECÁMARAS at the convention was presented with the idea of formulating a new Plan de la Nación by the

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48See page 151, footnote 29, above.


50Ibid., p. C-7. This, despite the fact that, as will be seen throughout the study, and as deducted from VENELITE, there seemed to have been a mistrust of some of the political leaders of the regimes.

51Ibid., p. C-7.
entrepreneurial sector, even though it was to follow some of the aspects of the one formulated by the government technicians at CORDIPLAN. The main objections made to the plan, on the part of the private sector, were those concerned with the goals set up for the industrial sector within the official plan.

Thus, the work in the Commission concerned with the analysis of the development of the economy, in relation to the Plan de la Nación, was to be effected within the "most broader range of consultations with the governmental sector."\(^{52}\) The Director of CORDIPLAN, Héctor Hurtado, accompanied by the principal experts of that presidential department, worked all the time, during the entire convention, in the study of the Plan with expert managers of the private sector. This was very important since "it was," according to a member of the Directory of FEDECÁMARAS, "the first Latin American experience [of this kind] for the study of the Plan de la Nación."\(^{53}\) Accordingly, then, two main theses dealing with the Plan were to be advanced in FEDECÁMARAS: One accepted the receptive position of CORDIPLAN of making adjustments to the Plan—a revisionist theses; the other advanced the idea of effecting a change in depth in the Plan de la Nación—that is, it contemplated a new Plan in accordance to the doctrinaire's conception of the entrepreneurial world. Thus, within the doctrine of the Charter of Mérida, the sectors would conceive their own Plan. This Plan was to be related, in turn, to the government's Plan de la Nación.

\(^{52}\)Ibid., p. C-7.  
\(^{53}\)Ibid., p. C-7.
These theses concerning a change of the Plan de la Nación did not contemplate a radical change in all the sectors included by the government. However, there were cases, such as those concerning the petroleum and energy sectors, in which some changes were contemplated.

Thus, at the end of the deliberations in the convention of FEDECÁMARAS, a definite verdict was reached, on the part of the private sector, on the Plan de la Nación. A verdict which was measured against the doctrines and pronouncements made in the Charter of Mérida. The principles adopted in that document in 1962 served a year later in the estimation of the Federation to give practical sense of concrete programation to the Plan de la Nación. In other words, a Plan had to be submitted that responded to a philosophical conception and to economic principles related to the majority of the Venezuelans in conformity with the Charter of Mérida, and responding exclusively to the entrepreneurial thought. Thus, according to the Federation, concerning the "objective analysis of the Plan de la Nación 1963-1966, a series of conclusions, some favorable and others unfavorable could be deducted . . . ." Specificall y, the Federation summarized its views thus:

... [T]he Plan de la Nación is, in consequence, an instrument that cannot be described as openly positive or negative. It contains positive and serious investigations and projections, alongside erroneous and unacceptable propositions . . . .

The Plan de la Nación is positive insofar as not indicating

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that the planning is coercitive and bureaucratic in origin, and as­signs, in consequence, a main function to the private enterprise and to market processes. But it does not duly take into consid­eration the effective factors that condition those processes, and, for that matter, the effective march of the development [process]; it consecrates a series of points that could affect negatively that process and that can accentuate, in certain sectors, the in­convenient consequences of a costly and inefficient bureaucratic econo­my.55

One aspect of the Plan that met with FEDECÁMARAS's approval was the gene­ral orientation of this Plan. Though the Federation did not agree with the statements and estimates in the document, it was in complete agreement with what it called the "clear and precise" recognition of economic development as a fundamental and essential goal for the solution of the country's social prob­lems:

In this sense, the general orientation of the Plan agrees with the position and philosophy that the entrepreneurial groups of the country maintain before the collective problems, and that FEDECÁMARAS has exposed in a series of pronouncements and public declarations, especially in the Charter of Mérida, in which it is expressed: [that] 'only through a sound and dynamic economic development we Venezuelans will find just and solid solutions to the social problems that shake the life and hinder the progress of our country.'56

Another objective with which FEDECÁMARAS agreed was the Plan's preoccu­pation with the unemployment problem—a preoccupation that the Federation praised and considered "noteworthy." Concerning this issue, the Federation declared:


This problem whose origins are [found] in the accelerated growth of our population and in the phenomenon of internal migrations, due to an insufficient [and] inadequate development of our economic structure, is the most urgent historical challenge facing the creative inventiveness of the present Venezuelan generation. The presence and intensity of the unemployment [situation] ... throws off-balance, and creates convulsion in, the panorama of the whole national life .... That preoccupation is evident in the Plan de la Nación, since in the conception and structure of the Document, [they] have included, in an important and permanent manner, the clear consciousness and acknowledgment of the problem, and the desire to find possible solutions to it.\(^\text{57}\)

One of the serious objections to the Plan de la Nación was made in connection with the planning of the public expenditures (an aspect of the planning strategy), something that, from then on, was to become an important issue. The objections of the Federation were to cause a revision of the way these types of expenditures were to be planned. It is not entirely clear whether the discussions within the convention of FEDECÁMARAS, and the recommendations of the organization, had a direct influence on the decisions concerning the formulation of the budget. However, the question as to who was to participate in the decisions concerning the distribution or allocation of the budget, became very important in Venezuela, especially from 1964 on. At that time, and even by 1963, it became practically impossible to govern in that country without the establishment of a coalition government composed of all the democratic parties. This led to the formation of the coalition

\(^{57}\)Ibid., p. C-12. However, as will be seen FEDECÁMARAS did not agree with some of the solutions, and suggested others, with which the government was to agree, until programs for the training of Venezuelans in skilled jobs were implemented by the government, through INCE.
Ancha Base, comprised by Acción Democrática (AD)—the Government faction—ARS, COPEI, and IND, to preserve the political balance of forces in the country. This coalition participated, actively, in the decisions concerning the allocation of the budget to the different priorities agreed upon by the parties. In any event, FEDECÁMARAS considered the public expenditures' problem as one of fundamental importance within the national life and, thus, it believed that these expenditures had to also be considered important by the planning structure. Thus, the organization considered it a necessity for the State to invest large sums in the development of the economic infrastructure—such as highways and communications—and in the protection and improvement of the country's human capital, or human resources. The Federation considered that the Plan de la Nación was a point of departure for accomplishing this task:

An innegable and even transcendental merit of the Plan de la Nación is that it could be a point of departure—because of its panoramic vision, analytical effort, and preoccupation for understanding the interrelations of the economic system—for an adequate planning of the public expenditures . . . . A serious study of those realities [the ones outlined above] is, without doubt, the first step for planning, in an adequate manner; the best way to invest the Government's funds. The Plan de la Nación could be a beginning in this aspect. 58

Moreover, FEDECÁMARAS considered that, in addition to being the beginning of an adequate planning of the public expenditures, the Plan could become the beginning in the country of a true "democratic planning,"

58Ibid., p. C-12.
if within the character of project that has been given to the Plan de la Nación, it is utilized as a base to consult the qualified sectors of the country, with the purpose of arriving at a definite document in whose elaboration the whole Nation would collaborate and cease to be, thus, the exclusive product of some bureaucratic offices. 59

As regards the specific "negative aspects" of the Plan de la Nación, FEDECÁMARAS objected to such aspects as the effort and space devoted by the planners to excessive theoretical speculation over the possibilities of having the private business sector participating in the government's development plans. Along those lines the Federation strongly objected to the specification of production and development goals attributed to the private sector of the economy with a view to achieving the desirable goals forecasted in the four years of the Plan. Thus, continued FEDECÁMARAS:

With these goals one could or could not be in agreement. And, in effect, it is easy to disagree with the same, since some of them are too optimistic and do not have any relationship to the effective experience of the last years . . . . [The projections... must be revised according to more realistic appreciations. The fundamental deficiency of the Plan de la Nación is found in not defining, in a clear and precise manner, the instrument of economic policy that the State is going to utilize to facilitate the attainment of the proposed goals. In this sense, the authors of the Plan seem to forget that the private investments cannot be planned, for the same depend on a group of very complex individual decisions. What could be done is stimulate them, creating the adequate institutional framework to achieve the maximum development, and establishing a rational system of incentives. About this, however, the Plan de la Nación says very little. 60

In other words, what FEDECÁMARAS was trying to convey was that what should have been the object of a rational planning--the government

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expenditures—was not being planned in such a manner, and that, on the other hand, the planning strategy was placing too much emphasis, or desire, in planning something (the contribution of the private sector) that the organization considered too complex in nature to become the subject of planning. This contrast revealed the true nature of the Plan de la Nación, according to the views of the Federation. In regard to practical projections, for instance, the leaders of the entrepreneurial world were worried about the goals that the Plan assigned to diversified sectors of industrial and agricultural production. These, they said, were established with a "too optimistic" criteria. Accordingly, then, these goals needed to be revised to adjust the program to the realities of the country. Along these lines, "there is [also] preoccupation concerning the possibilities of obtaining the resources for financing what have been estimated in the Plan."  

Other Areas of Objection

A matter on which the members at the convention of the Federation agreed was that the Plan had to discard, at least for a period of time, all new tax burdens. This observation was especially directed at a projected "tax on dividends" indicated in the Plan. The Federation was successful on this attempt, for an official government spokesman announced in the convention that, in fact, the project had been postponed. In this regard, said the spokesman:

\[61\text{Ibid.}, \text{p. C-7.} \quad 62\text{Ibid.}, \text{p. C-7.}\]
In the situation that exists in the National Congress in relation to the line up of political forces, . . . it is not the purpose of the Government to present a bill that would permit the establishment of a tax on dividends. As of now, the [contemplated] bill has been postponed.\textsuperscript{63}

Another central document of FEDECÁMARAS that analyzed, in an integral way the \textit{Plan de la Nación}, was in favor of establishing in Venezuela a "program of immigration." This suggestion is connected, as has been seen, with the Federation's insistence on allowing specialized or qualified manpower to enter the country, since this type of personnel was not available for the industrialization process. The Federation's preoccupation was expressed thus:

The \textit{Plan de la Nación} 1963-1966 does not contain projections or goals on immigration, in spite of the fact that, in conformity with the preliminary results of the Population Census made in February 1961, the composition of the population by ages is even more unfavorable than the one of the year 1950. In effect, 45 per cent of the population [is] below 15 years of age and the active age population represents 52 per cent of the total, while in 1950 the economic percentages were 42 and 55 per cents, [respectively].\textsuperscript{64}

In other words, according to the above statistics, the Federation was pointing out that there was not only a shortage of qualified manpower, but also, that at that rate of growth the active age population was decreasing. This implicitly pointed to the need of establishing some measures for training a fairly young population in areas basic to the development effort.

Thus, what was really proposed by the leaders of the private sector was not only a readjustment of the Plan. The private sector was proposing fundamental changes, that in some cases could mean making a new

\textsuperscript{63}Ibid., p. C-7. \hfill \textsuperscript{64}El Nacional, June 27, 1963, p. C-7.
Plan de la Nación, incorporating those aspects that they considered to be positive, or that the document presented by the business organization recognized in the Plan. In other words, the documents presented by FEDECÁMARAS, for the constitutional period 1963-1966, were, in effect, proposing a new governmental and private programmation for the promotion of the economic development of Venezuela, making the following recommendations:

FEDECÁMARAS should indicate, and in effect indicates, to its affiliated organizations, as well as [to] the political parties, the syndical forces, and to all the other organized sectors of the country, the necessity that our country has of creating a national developmental conscience, and of awakening the necessary collective vocation for the task of this creative purpose. It is at the same time declared the necessity of a new public investment's planning. In this sense it is indicated that, as an integral part of a new study, public investments should be planned in a technical and precise way, to the end that this contribute, in the best possible way, to our development; and it should be sought, [according] to the terms indicated by the Charter of Mérida, the configuration of the bases for the institutional framework required to stimulate, at the maximum, the process of development.  

In conclusion, the Federation declared:

... [I]f the negative aspects that are contained in the Plan are emphasized [or accentuated], it could serve to prolong and intensify our depressive situation or to slower, at least, the rhythm of our economic recovery and development. If, on the contrary, its negative aspects are eliminated, and if it is instrumented with a realistic sense, it could be an effective means for pushing the economic development.  

Thus, in the work within the commissions organized to study the Plan, within the convention of FEDECÁMARAS, CORDIPLAN agreed to make the

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"necessary adjustments."^67 In other words, the planning agency informed the Federation that "on the basis of the results of this assembly, the Plan would suffer some adjustments."^68 It also acknowledged the fact that "it considers that the goals established and the estimates for financing, depended fundamentally on the information and data coming from the same private sector's midst of production."^69 To that effect, CORDIPLAN also proposed a "permanent mechanism" for consultation between the governmental and private sectors that would permit to make readjustments to the Plan de la Nación as well as to all future planning. They approved the commission that approved the central document of the conference referring to the "Economic Development." The proposition was approved by the plenary session of the assembly and broadened to include the following: "(a) the necessity of establishing the administrative career, with [built in] stability as a basic factor to [give] impulse [to] the Plan of development; and (b) the necessity of obeying the law."^71

It was also approved in the commission that the document be incorporated to the Plan de la Nación, and that it was to serve as a reference study for the Commission of the Nine of the Alliance for Progress, that studies the Plan de la Nación. Apparently, then, there was "complete understanding"^67

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^69 Ibid., p. C-7.  
^71 Ibid., p. C-10.
between CORDIPLAN and the Federation. However, the thesis concerning the making of a new Plan was rejected. On the other hand, the thesis concerning "the making of some adjustments through a constant system of consultation with the private sector," was accepted.

**Importance to CORDIPLAN of Establishing Relations with the Private Sector**

For CORDIPLAN it was indispensable to establish good relationships with the private sector for two main reasons: because according to CORDIPLAN,

> . . . the political future of Venezuelan democracy is involved in the success of the planning of the country. [It was for this reason, pointed out CORDIPLAN, that] the economic and social task of the public and also of the private sector should be fitted, every time more, into a coherent framework of actions that could be observed, measured, qualified, and adjusted . . . .

Second, because according to the planning agency,

> . . . as regards to private sector's investments, any analysis is compounded by the lack of pertinent information.

This is why in the preparation of the planes de operación, formulated from year to year, beginning in 1964, it was very important, according to CORDIPLAN,

> . . . to have the participation, from the beginning, and with the greatest possible intensity, of the organizations representative of the private sector--entrepreneurial as well as syndicalists . . . .

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74 Ibid., p. C-6.
CORDIPLAN also realized that without the participation and cooperation of FEDECÁMARAS, the annual survey to determine the actual total investment required of the private sector for the planning task, was going to be an impossibility. This, in its opinion, was due to the secrecy with which things were done in that sector, and because of the intricacies to be found within the same sector. CORDIPLAN put it this way:

"The problem of knowing the investment that is being realized and programmed becomes much more difficult insofar as it refers to the private sector, for it depends on the decisions and plans of innumerable independent entrepreneurs. The problem is compounded by the attitude of secrecy prevailing, with or without justification."  

The success of this type of survey, according to the planning agency, . . . depends entirely on the cooperation of the surveyed [individuals and firms]. For that reason it seems indicated to prepare the survey in close collaboration with FEDECÁMARAS.  

Optimistic opinions on the part of the government, concerning the private sector, were advanced by President Rómulo Betancourt—in his closing speech of the convention of FEDECÁMARAS—and by Luis Vallenilla, president of the Corporación Venezolana de Fomento (CVF), at that time. Thus, said

75"Encuesta Para Determinar Inversion del Sector Privado Manufacturero en 1964," in ibid., p. C-6, and July 10, 1963. In this survey CORDIPLAN was to request information concerning the total amount of investment; physical facilities, quantification of productive capacity to be created with the investment; and the anticipated creation of employment with the implementation of the operation. The surveys were to become a supplement of the Plan de la Nación.

76Ibid., p. C-6. The first survey was to be prepared in consultation with FEDECÁMARAS, and was to be conducted in October of 1964.
Betancourt referring to what happened at the convention:

... [T]he observations that were made to the Government's Plan de la Nación constitute an excellent initiative because they establish a linking element between CORDIPLAN and the entrepreneurial sectors, to make of this Plan at all times an instrument for the development and distribution of the national wealth... no society can advance if plans are not previously traced, not to be followed, in an inflexible way, but [that are] susceptible to changes and readjustments. 77

Betancourt then went on to announce the creation of "a mixed commission integrated by representatives of the entrepreneurial sectors of FEDECÁMARAS and by [Government] officials to study the documents elaborated in the XIX Annual Convention of the Federation." 78

Luis Vallenilla, the head of Fomento considered the action of the Federation as,

... a marked tendency to have a greater participation in the plans of economic development in association with the State or State's institutes... It is not a new stage of cooperation between the public sector and the private sector, but [one] of a different character that implies an association of the entrepreneurs with the State and [the] State's organisms. 79

Vallenilla was, of course, referring to the fact that some industrialists, at last, had decided to deal with the State. He was specifically referring to the dealings with the CVF. 80 To corroborate his thesis Vallenilla referred to the fact that "55 enterprises have been promoted and created by Venezuelan

80 See p. 161, footnote 44, above.
entrepreneurs through the promotional programs of the institute. According to him, most of the enterprises:

... were studied, projected, and programmed by [government] experts, with the cooperation of private technicians. This is the first objective fact [to the effect] that there exists a new entrepreneurial position before the State; that there exists confidence in the governmental planning. That new attitude, perhaps, could be defined to mean that the concept 'that what is good for the enterprise is good for the country,' has given way, and that such a concept has been transformed into [the one that says] that 'what is good for the country, is good for the enterprise.'

Vallenilla also cited two other examples of this collaboration and new attitude in:

... the formation by the private entrepreneurs of a Mortgage Central Organization, four Mortgage Banks, and a petroleum enterprise to be associated with the CVF, [and thus] united to the Venezuelan State ... to create an institution of public character that would stabilize and promote the mortgage market, and that would have extraordinary importance in the program to resolve the grave housing problem.

The other example cited by Vallenilla was:

... the C.A. Venezolana de Desarrollo. This financial society ... even though it will belong to the private sector, has a national framework ... It is the first time that ... organized ... industrialists are incorporated, in large numbers, to finance their own sector through a corporation that has been promoted by the State, in conjunction with distinguished entrepreneurs, and that counts with the financial support of an international organization doing public financing, and the contribution of capital from petroleum enterprises.

It is interesting to observe that among the enterprises subscribing

capitalization to this "new" developmental concern, a subsidiary of the World Bank, the Shell Oil Company, and other foreign petroleum concerns, were to control 50 per cent of the enterprise. Vallenilla described the contribution and the control of each one of the concerns in the following manner:

In the first place is the Shell [Company] with a capital contribution of 10 million bolívares. That gives it the right to one director, notwithstanding [the fact] that that contribution constitutes only 25 per cent [of the enterprise]. Another petroleum enterprise has the 6 per cent of [the] capital, but does not have a right to any director in the command of the enterprise . . . . The international contribution comes from the International Finance Corporation, a subsidiary of the World Bank, that will have 15 per cent . . . . [Vallenilla also underscored that] there does not exist an individual stockholder or stockholders of the same group that would have more than 4 per cent [of the capital] . . . . [He also stated that] 100 industrialists have subscribed capital, and there are stockholders with contributions of 500 bolívares. 85

The important functions and objectives of the investment corporation were supposed to stimulate the development of the country through financial contribution to existing or new enterprises. This was to be done with the objective of consolidating the existing enterprises' economic position, and promoting their expansion, and with the objective of promoting new industries. However, in order to achieve its objectives, the Company was to adopt and maintain a program of action designed, in general lines, to orient investments in the financing of Fixed Assets and Working Capital for the manufacturing industry, as well as in the agropecuarian activities producing raw materials for industry. In consequence, according to the Minister:

85Ibid., p. C-8. No statistics were given concerning the number of stockholders who made an individual contribution of 500 bolívares.
the company will not finance directly nor indirectly, nor will it contribute capital for: (a) public works or national, state, or municipal enterprises; (b) housing or building construction not intended for manufacturing or agropecuarian industries; (c) enterprises that would have as objectives the exploitation of mines and hydrocarbons, or communications' works or irrigation systems; (d) in addition, the Society will not invest in enterprises that are not controlled by Venezuelan capital.

One notices that the purpose here is not to enter into a polemics concerning the dealings between the State and the private sector, through this corporation, but to corroborate the fact that "some consultation" between the government and the private sector was achieved during the course of the year. It is also difficult to avoid the fact that, with the above, an accommodation to the private sector was effected—through the corporation and the CVF—in order to get the sector to participate in the government's development program.

**FEDECÁMARAS' Impressions and Results**

The impressions in the Directorate of FEDECAMARAS was, then, that this institution was entering a stage of "close collaboration" with the public sector, especially with CORDIPLAN, as regards the Plan de la Nación. In this regard, FEDECÁMARAS commented that:

The entrepreneurial sectors, have understood the responsibility of giving their cooperation to the constant works of national programming and, because of that, there begins a new stage of permanent and broad relations.

CORDIPLAN also foresaw this "greater contact" with the entrepreneurial sector.

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sector, for the next Plan de la Nación, as well as for the establishing of other future plans.

In any event, the collaboration was to be concretized through the creation of an interministerial commission—integrated by six government's ministers—to study the application, on the part of the government, of the agreements and resolutions of the convention of FEDECÁMARAS. In addition, as the Federation put it:

... the contact of FEDECÁMARAS is in two directions: (a) with the governmental sector through the various ministries; (b) with the labor sector through the Confederación de Trabajadores de Venezuela (CTV), due to the fact that the CTV was to participate in such a commission. 88

However, the most important factor in connection with the above was that for the first time the pronouncements and recommendations of the powerful entrepreneurial business sector had to be given consideration. As an observer put it:

But, above all, for the first time the agreements and resolutions of FEDECÁMARAS were to be studied at the governmental level and the labor sector's [level], for their possible application. In previous years—during the nineteenth years of FEDECÁMARAS—those documents ended up in some official drawer [for the process] to be repeated at the end of three years . . . . 89

Another important result that came out of this meeting of FEDECÁMARAS was the declaration by its Directors concerning the programs and platforms of the different presidential candidates insofar as the future plans to be projected for the nation by the different parties was concerned. In other words, the

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Federation was interested in establishing links with all the political parties concerned, to make sure that their views, on planning priorities, were communicated or consulted with the leaders of the private sector, or through consulting commissions especially created for the purpose. The Directorate of the institution expressed these views in the following manner:

After the extraordinary experience with the Plan de la Nación . . . we the enterprisers believe that it is necessary to be aware of everything that [deals with] planning for economic development. Because of that, since every candidate will formulate a government program for his electoral platform, it is very convenient that he should consult it with the men that, in the end, are the ones who will have the greatest task for the execution of the economic portion of said program. If the enterprisers— as well as the workers, of course,—are going to be responsible for a determinate plan formulated by a party, it is just that we know it and that we make some observations. We believe . . . in addition, that this consultation scheme [that] we propose will permit the political leaders to know better the thinking of the Venezuelan entrepreneurs as regards the planning for economic development. There exist financial problems of an institutional character, that only the entrepreneurs will be able to point out, because they live them daily. Because of that, the presidential candidates could make some adjustments to their programs in accordance with our pronouncements and in benefit of the higher interest of the country.  

For the above purpose FEDECÁMARAS was going to organize a series of meetings with the leaders and political experts of the parties. However, the above statements or callings sounded more like warnings to the political party leaders and presidential aspirants. The collaboration of the private sector—for the availability of information, financing, and the contribution of this to the discussion of the most pressing national problems, as it was by now becoming

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more obvious—could only have been obtained through the willingness of the Federation to make it available. In addition, to follow the above suggestions, in the opinion of the Federation, was very important since the organization already was accumulating a body of doctrine in matters of, or dealing with, planning. Thus, it was thought that the political leaders could find in this material a great source of information. On the other hand, it was the preference of the Federation that those meetings with the political leaders were held to analyze and discuss, especially since the major parties were already incorporating experts (in matters related to planning) that would allow them to discuss these matters, at a high technical level, with the Federation. In this respect, Aníbal Montenegro, a member of the Directorate of FEDECÁMARAS, believed that this approach would help in "contributing to create a climate of understanding between the political sector and the private sector." For the same reason he also thought it convenient to incorporate the labor sector to the discussions. Thus, said Montenegro:

91Among the parties that, eventually, decided to incorporate specialists or "technical experts," was COPEI. The party celebrated national meetings (Congresos de Tecnicos) in 1964, and again in 1968, "Experts" in different areas were invited to these meetings to discuss the national problems, and to identify weaknesses in different areas. The result of these meetings were published in a volume entitled Venezuela '68. But even after conducting these meetings—which were also intended to serve as bases for its programs—Caldera, and representatives of his government, still concurred to the national assemblies of FEDECAMARAS, and though his regime did not issue a Plan de la Nación until 1971, it listened to the suggestions made at the assemblies.

This [approach] is necessary in an election year. It would still be more important if these consultations were made also with [the] leaders of the labor sector because, together with the entrepreneurs, the labor sector is also the one that implements the principal programs in a national planning. 93

**Conclusion**

This chapter has examined how opposite, controversial ideas were to emerge concerning the direction, content, and participation of FEDECÁMARAS in the planning strategy for development in Venezuela. The Charter of Mérida, though resulting in a compromise between the opposing camps within FEDECÁMARAS left some problems unresolved. There still remained apathy toward the government programs and lack of trust in the regimes and the planning task. This led the Assembly to examine the planning strategy and the Plan de la Nación, vis-a-vis a document containing the "General Bases for Economic Development With the Objective of Formulating a New Plan de la Nación." The document, though following some aspects of the plan elaborated by CORDIPLAN, was supposed to reflect the views of the private sector on planning and to give a sense of "integral programming" to the principles contained in the Charter of Mérida.

Two main views were advanced within the Assembly: One dealing with revisions to the Plan de la Nación; the other with the making of in-depth changes in the plan with the idea of formulating a new one, incorporating the views of the private business sector. Out of the Assembly came a verdict which was measured against the Charter of Mérida's doctrine. First, a series of conclusions were reached concerning the "excessive emphasis" given in the
document to the participation of the private business sector in the implementation of the plans, as against the lack of emphasis and analysis given to the planning of the expenditures of the public sector. Second, a plan had to be formulated that, though not responding exclusively to the entrepreneurial thought, had to respond to the interests of all Venezuelans.

CORDIPLAN agreed to make adjustments on the "fundamental deficiencies" of the plan, since it considered that the goals established, and the estimates for financing the Plan de la Nación, depended on the information supplied by the private business sector. To that effect, a "permanent mechanism" for consultation was proposed by CORDIPLAN, to permit making adjustments to the Plan de la Nación, and to future plans. It was also decided by both sectors that the central document on "Development," presented by FEDECÁMARAS, be incorporated in the Plan de la Nación. This was to serve as reference for the Committee of the Nine of the Alliance for Progress.

Thus, the observations made to the plan by FEDECÁMARAS were hailed as a "linking element" between CORDIPLAN and the private business sectors represented in FEDECÁMARAS, as well as a "complete understanding" concerning the making of adjustments to the Plan de la Nación through a constant system of consultation with the private sector. The impression gathered in the Federation was that for the first time the institution was entering a stage of close collaboration with the public sector, especially with CORDIPLAN. This was also considered to be the first Latin American experience concerning the study of the Plan de la Nación between the public and the
private business sectors.

Another thing observed in this chapter was the fact that FEDECÁMARAS was requesting all political parties in Venezuela, having economic platforms or planning priorities, to consult with the private business sector. In the meantime, the Federation had been preparing itself with a body of doctrine and modifying its structure—hence the special and technical commissions—to deal with such contingencies and with the planning structure.
CHAPTER VII

THE "NEW ENTREPRENEURIAL ATTITUDE," OTHER AREAS OF DISAGREEMENT AND EFFORTS TO ESTABLISH "A CONCERT OF WILLS"

Introduction

The previous chapter examined the economic development policy of the Venezuelan Constitutional Government and the position of FEDECÁMARAS on this issue. It also portrayed the result of this examination: the doctrinal position assumed by the Federation before the planning strategy which was embodied in the Charter of Mérida. In the last chapter, the organization also began to place emphasis on the fact that any planning for development had to be undertaken with the participation of all Venezuelans and the concurrence of the business sector, as represented in FEDECÁMARAS. This line of reasoning was later defined by FEDECÁMARAS as "Democratic Planning." Finally, it was observed how an attempt was made to establish a system of consultation between FEDECÁMARAS and CORDIPLAN, for revision of the Plan de la Nación 1963-1966, and other future development plans.

In this chapter, several major points that were emphasized at the Assembly of Barcelona, during the first "indictment" of the planning strategy, will be elaborated. These points, while assuming great importance at the convention, had been points formulated at previous meetings of the organization. The chapter will also analyze other areas of disagreement which, while discussed at Barcelona, were carried over into the next year's Assembly of the
Federation. They help explain the attitude of the private sector toward the development strategy as well as the influence that planning was beginning to exert in the organization. In the first place, the "new attitude" of the entrepreneurs, that was believed to have been conceived at Barcelona, is here revealed as a desire on the part of the entrepreneurs to undertake the initiative in contributing to the establishment of a social order—part of the "social infrastructures" necessary for the development effort. Secondly, a point made in VENELITE, concerning the "agreement" made by the business sector over the government's undertaking the planning task will be clarified. We will observe that the opposite seemed to have been the case, that the private business sector considered the State incapable of making sound judgments in the investment areas and in the economy in general. That reasoning explains the sector's wanting to participate, actively, in decisions made by CORDIPLAN. Thirdly, the chapter reveals the position of FEDECÁMARAS vis-a-vis the Alliance for Progress. Though there was a sector opposed to foreign investments in Venezuela, the Federation, as a whole, was not opposed to these investments. It did believe that the same were necessary because the country needed the technical know-how that accompanies the investments, since Venezuela did not have the required human resources to undertake the development effort. On the other hand, the Federation was opposed to investments channeled through the Alliance for Progress because the latter was reluctant to allow the organization's participation in planning decisions, especially when these decisions involved the use of funds, for the development strategy,
coming through the Alliance. In spite of this, the Federation is observed indicating several areas for improvement to prevent disagreements and to promote the idea and purposes of the program. Finally, the chapter reveals the emphasis placed by President Raúl Leoni on the government policy for solving the unemployment problem and the defense of precisely the same position made by FEDECÁMARAS on the issue. On the other hand, several other areas of disagreement developed, in addition to what the Federation considered the continued Government's indefiniteness of the areas of activities of both sectors in the development program, which, in itself, was a point of disagreement at the Assembly of Barcelona. One of these areas examined will be the desire on the part of the government to enter into the Latin American Foreign Trade Association (LAFTA), which was considered by the Federation untimely and damaging to the development effort.

The "New Entrepreneurial Attitude"

Out of the XIX Annual Convention of FEDECÁMARAS, and in the light of the criticism made to the Plan de la Nacion, came a support for the Industrial Policy of the Government. This declaration of support, despite the conditions to which it was subjected, is said to have been mainly the result of a response to a speech delivered at the convention by Arturo Uslar Pietri, an outstanding Venezuelan political leader and intellectual. In this speech, Uslar Pietri "expressed criticism that created doubts about the effort of hundreds of Venezuelan industrialists, who behind the support of the protectionist and
financial credit policies of the State, have maintained an action without precedent to promote the economic development." However, though FEDECÁMARAS' accord to support the industrial policy might have appeared to be an answer and a reaction to those pronouncements, it also appeared to have been a special expression of recognition to the Ministry of Fomento, and to the task performed by this throughout the years. As such, then, "it [the declaration of support] constituted a general approval for the State's industrial protectionist policy." FEDECÁMARAS expressed this line of thought in the following manner:

Considering that during the years of the provisional and constitutional government the work of the Ministry of Fomento has been characterized by a firm and decisive action of industrial protection for the country, not only through the direction action of all the resources of the State, but also, indirectly, through prompt help [in the form of] credit and technical assistance, [FEDECÁMARAS]: (1) solemnly declares that a protective industrial policy, because of its projections over all the fields of economic activity, constitutes the indispensable premise to set the bases for the prosperity of the country; (2) categorically manifests the support to the policy that, in matters of industrial protection and cooperation with the entrepreneurs, the ministry of Fomento has been developing; (3) exhorts the official private organizations, associations, and enterprises, to lend the Ministry of Fomento all the collaboration that this demands, to achieve the most desirable objectives of our economic independence and of our material well-being.

It was on the basis of the above pronouncements that Dr. Héctor Hurtado, the Director of CORDIPLAN at that time, formulated some


3Ibid., p. C-5. See also Ponencias y Actuaciones, Memoria, XIX Asamblea de FEDECÁMARAS, June 1963.
conclusions and branded as "progressive" the basic pronouncements and declarations contained in the document of FEDECÁMARAS. According to Dr. Hurtado:

... the bases for a complete understanding and [for] the creation of a permanent organization for consultation and for adjustment of the Plan de la Nación, and for the elaboration of future planning of the country were established at the XIX Assembly, between the entrepreneurial sector and the Government.⁴

Hurtado also criticized and judged the central document of the Federation. That is, the document on "General Bases of Economic Development . . . ," that FEDECAMARAS brought to the Assembly of Barcelona and against which it examined the Plan de la Nación. Though he admitted that there were pronouncements that responded to the doctrines of the entrepreneurs and did not coincide with the official government and planning criteria, he also declared that the document:

... is an extraordinary effort in the analysis of the Plan de la Nación and the execution of the economic development.⁵

According to Hurtado, the document:

... would permit to increase the information that CORDIPLAN needs to readjust the Plan. In that sense . . . the Plan de la Nación . . . is flexible and it has been foreseen that every year it be revised for adjustments . . . .⁶

In summary, however, Hurtado interpreted the document and the "progressive" position of the entrepreneurial world to mean three things or "basic aspects":

... (1) Planning is accepted and endorsed as an adequate

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instrument for the economic development; (2) the role of the State in planning is emphasized; (3) . . . the economic development should not be accomplished for the benefit of the entrepreneurs or of a group, but for all Venezuelans . . . .

Though the Federation came to agree on points 1 and 3, this was not entirely the case concerning point 2. As has been observed, the Federation was not in complete agreement with the sole involvement of the public sector in planning the economy.

Another interpretation given to planning by Hurtado dealt with the "mixed character" of this. Thus, said Hurtado:

The planning in the Plan de la Nación is of a mixed character; it is of an indicative type, of an orienting character, as it pertains the private sector. [T]hat is, . . . it is not planning that is imposed and [that tends to] direct . . . . [I]t is of an impositive character insofar as the public sector [is concerned] . . . . [but because] it is an indicative [type of] planning as it relates to the private sector, it is not too detailed. There are entrepreneurial sector's points of view that are broadly explained in the Plan de la Nación. [There are] also estimates that, though not shared by the private sector, should be fulfilled.  

FEDECÁMARAS, however, did not conceive planning to be of the indicative type, since the enterprises were counted upon for the implementation of the planning strategy. The last lines in the above declaration by Dr. Hurtado, were in reference to the goals of the petroleum sector within the Plan—to maintain a rhythm of production of 4 per cent per annum, and to increase the petroleum supply. According to these estimates, the private investment was going to be enough to finance the part in the Plan assigned to the private

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7 Ibid., p. C-2.  
8 Ibid., p. C-2.
sector. On the other hand, and in the light of the above reassuring comments by the Director of CORDIPLAN, FEDECÁMARAS issued an agreement, approved by a plenary session of the Assembly, undertaking:

... to promote by all means within reach of the Federation, the propagation of that important document, publishing it in the Memoria of the Assembly and seeking its inclusion in the official publications relative to that matter, especially in those [Publications] of the Central Office of Coordination and Planning [CORDIPLAN].

In these deliberations, it was also agreed to:

... recommend to the Directorate of the Federation the creation of a permanent and qualified linking mechanism to collaborate in an effective and close manner with the Central Office of Coordination and Planning.

In the above pronouncement, and in other previous occasions, then, it could be seen a desire on the part of FEDECÁMARAS to help in orienting the planning strategy of the government, though at times it has been reluctant to do so, especially when the interests of some of its members are being threatened. This willingness to cooperate in the plans of the Venezuelan government has been considered by some to be a development of "a new attitude" if not toward the government itself, at least toward the planning strategy. But,

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9 Ibid., p. C-3. It was agreed, and CORDIPLAN accepted, to include the basic document of FEDECÁMARAS as an appendix to the Plan. El Nacional, June 28, 1963, p. C-2.

10 Ibid., p. C-3. The Federation did alter its structure, to adjust it to the technical progress, and to the planning aspect, through the creation of various departments among which was the Department of Technical Services.

as has been also seen (a factor which is also ignored), while the governments of the beginning of the decade of the 1960's were talking about grandiose plans to develop Venezuela, the so-called "new attitude" was becoming manifest in other areas of utmost importance, and necessary, for this development to become a reality. Expressions of a "change in attitude," on the part of the business sector, were made some time before the Annual Assembly of the Federation in Barcelona, at a meeting denominated the "Seminar of Maracay." At this Seminar, held under the auspices of the Venezuelan Association of Executives, the Creole Foundation, and the Mendoza Foundation, "the presence of a new attitude" was felt. This "new attitude," according to further interpretation, stemmed from a desire and an urgency to help solve the social problems. The main thesis of the "Seminar of Maracay," was "the Social Responsibility of the Enterprise," and the main question that served as the basis for the discussions was: "Is it the responsibility of the private enterprise to lend its help to the solution of the social problems, or is this a function of the State and no more?"  

In Maracay, then, according to the Ivan Lansberg's speech presented at the convention of the Federation in Barcelona:

... there was less talk about private enterprise and more about [the responsibility] of private initiative to make the role of man stand out as the center of our democratic system ... [I]t is,


then, a primary requisite to see to it that a genuine contact between the people and the idea of private initiative be established in our country. 14

As regards this idea, one of the most important points made at the Seminar of Maracay was the one concerning the "excessive paternalism exercised by fathers, leaders, enterprisers, and the government," as being "the cause of the passivity of the Venezuelan man." 15 Lansberg Henríquez put it this way:

One of the most painful characteristics of the Venezuelan man is his excessive and inert passivity, the always present sensation that his luck depends on others, [on] his boss, enterprises, or government. In Maracay, the idea that the enterprise is a function of man was emphasized. 16

The thesis that was finally set up at Maracay was that it was the duty of the entrepreneurs, as well as of the enterprises, to confront the social problems of the nation. In this manner the old entrepreneurial individualistic concept was being discarded. Thus, continued the thesis:

In Venezuela we are leaving behind the idea that what is good for the enterprise is good for the country, and there has emerged that other pronouncement that all that is good for the country is good for the enterprise . . . . It is the responsibility of the entrepreneur to create, maintain, and strengthen the political, economic, and social conditions, indispensable for private initiative to prosper and develop. The entrepreneur should participate with his initiative, his sense of organization, and his personal capacity to orient, direct, and stimulate social action in his personal condition as well as in his [capacity] as entrepreneurial director. 17

The above expressed willingness for wanting to participate in the quest to create and strengthen the political, economic, and social conditions, obeyed to

one main reason, according to the entrepreneurial world: "a reason of material order; there could not be economic welfare without social welfare."\(^{18}\)

This particular exposition was elaborated thus:

The collaboration of the enterprise to the solution of the social problems is not charity [on the part] of the enterprise, is investment in the enterprise. If the enterprise ignores the society, the society ends up by ignoring the enterprise.\(^{19}\)

In order to achieve this, an appeal to entrepreneurial patriotism, and to a sense of sacrifice and altruism was made. It was put in the following manner:

We should understand, at last, that we have to invest with greater risks and perhaps without even having the incentive to [obtain] larger profits. Our capital must have a country in order to form the Venezuelan man so that this [in turn] could be creator of wealth. [It is pursued, therefore] to contribute through organized action to the formation of a number of entrepreneurs, every time larger, that should think [in terms] of the return of [their] capital, not as an end in itself, but as a social function, creator of great obligations... of new sources of employment, and developer of human potential—[this was] the spirit of the Seminar.\(^{20}\)

However, some important conditions were attached to the above pronouncement, before the final conclusions were made. Thus, after analyzing the capacity and attitude of the Venezuelan men before labor, and the production of wealth, as well as his "passivity," it was thought that these characteristics could be corrected through training and instruction. The efforts in this direction were to be placed in technical education in order to develop and provide the human resources needed for the economic activity. This condition was elaborated in the following manner:

\(^{18}\text{Ibid.}, \ p. \ B-10.\quad ^{19}\text{Ibid.}, \ p. \ B-10.\quad ^{20}\text{Ibid.}, \ p. \ B-10.\)
Thus, among the priorities, a convincing exposition was made at the Seminar by Dr. Gustavo Vellones in

\[\ldots\] favor of education as a primary field in our efforts \ldots not only to solve the unemployment problem, but also \ldots [as] a condition imposed by the private sector, for any program of industrialization in which the sector was involved. [That is], technical specialization as a must in the branches of our economic activity.22

Among the important conclusions coming out of the Seminar was the one deciding to allocate parts of the benefits or profits of the enterprises for socio-economic development programs as:

\[\ldots\] constituting a necessary attitude compatible with the best interest of the enterprise.23

This line of reasoning was later on reaffirmed at the XIX Annual Convention of the Federation when it was declared:

\[\ldots\] (1) that the individual entrepreneur, as well as the collective enterprises should contribute to the satisfaction of the most urgent social necessities, through economic contributions; (2) that such contributions \ldots should be channeled through entities already in existence \ldots \]

To substantiate the pronouncements made at the Seminar of Maracay, then, a program called the **Dividendo para la Comunidad** was established, in which

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24 *El Nacional*, June 29, 1963, p. C-2. Later on it will be seen how this was done.
those enterprisers wanting to participate were to contribute, voluntarily, with
a percentage of their utilities to a fund intended to solve the social problems of
the country. According to the Seminar, the fund was to be organized in the
following manner:

The enterprises that should become affiliated to that new program
should contribute voluntarily a percentage of their utilities that
would go to form a common fund administered by a committee of
representatives of private initiative, which would coordinate the
efforts that are made by so many valuable institutions, oriented to
solve the social problems of the country. It was considered that
the 7 per cent contribution could be in between the 1 and 5 per cent
of the utilities, and that a Board or Administrative Committee
should be formed, elected by the Assembly and representing all the
organizations, and institutions and private foundations, whose ob­
jective is the social progress of the Nation.25

As has been seen, then, the "new attitude" that Dr. Héctor Hurtado,
the Director of CORDIPLAN, spoke about at the convention in Barcelona, was
merely a partial acknowledgment of the broader "change in attitude" effected
at the Seminar of Maracay. The main point stressed at Maracay was the one
concerned with attracting the attention of the people to their own importance.
In other words, there was a desire to bring an awareness to the individual as
to his role in society, and hence in the development of the country. In order
for this to be accomplished, man in Venezuela had first to divert his attention
from his extreme dependency on others, and especially his dependency on the
government paternalism,26 and come to realize his own importance within the


26The concept of "paternalism" noted as an extreme dependency of in­
dividuals on important people or leaders, has been thoroughly researched in
societal and political context. Thus, one of the main entrepreneurial tasks in Venezuela, in pursuit of these objectives, was to try to establish a "genuine contact" between the people and the idea behind private initiative, in order to try to shape, at least part of these people, into potential entrepreneurs. Finally, in this entrepreneurial attitude was seen a desire to take the initiative in establishing a solid base and the necessary framework without which developmental planning, and hence economic development, could not possibly have proceeded, thus supplementing, if not substituting, the action of government in what they considered to be the proper government's role in the development. The evaluation of the government's planning strategy contained in the Plan de la Nación, and the interaction that occurred between CORDIPLAN and FEDECÁMARAS, merely served to emphasize and to strengthen the objectives of the business organization in those areas.

Suspicion Concerning Development Strategy

So far it has been illustrated that FEDECÁMARAS and, thus, the private business sector, has come to accept planning in a very reluctant way and subject to certain conditions. There has also been illustrated the lack of confidence, on the part of the business sector, toward the regime--AD and its political leaders--and in the capacity of the planning technicians to plan for the business sector as well as for the nation in general, without the help of that

sector. Thus, the evidence presented tends to agree with that portion of VENELITE concerning the fact that the main point of dissensus was to be located on the question of where power over the economy was to lay. In other words, the definition of the nature of the economic system within which development goals could be pursued, and the question as to whether the command of that process could be shared between business and government. It does not agree, however, with the view taken there concerning the fact that economic leaders looked primarily to planning, and thus agreed to it, if this planning was to be done entirely by the government or by a centralized body, as one instrument to bring about economic change in the nation. The private sector did tend to look to the "legal action" of the government as one of the most important factors for providing the correct institutional framework for planning, and economic development of the country, that could only have been possible when such legal stable framework was instituted. Moreover, the Federation tended to conceive such planning as something that had to be done democratically. That is, with the participation of all the important sectors of the country, and this was to include all Venezuelans. FEDECÁMARAS considered that some social action had to be taken to bring man into the mainstream of development. This helps to explain why the Federation was so interested in such programs of social action, that would not only provide a stable basis for any future developmental enterprises on the part of the State, but would also prepare "man" for such a task--that is, by contributing to make the decisions, instead of merely being a "passive" individual expecting decisions to be made for him. Thus, all efforts on the part of the government, concerning planning, were subject to qualifications and, if accepted, these efforts were to be looked
upon with a certain degree of suspicion, as to the intentions behind them. This suspicion, especially of politicians, is confirmed by the following remarks:

All our efforts, public and private, should converge on that objective [integral development] according to the theory of the optimum rational use of all our resources, dedicating the resources of the State exclusively to those things which the private sector cannot achieve, and helping, stimulating, creating more favorable conditions for attaining the maximum development of the private sector. The same money, the same credit in the hands of a State enterprise produces a negative social benefit; a loss. In the hands of a capable businessman it produces a positive social product. Our political leaders are gentlemen who live[d] between prison and exile, totally disconnected from our activities, from our national life, who have never had the honorable problem of earning a living, they really do not know what they are talking about.27

The above remarks do not only convey suspicion, they also convey an intention of controlling or, at least, restricting the role of the state to those areas where it would not affect the working of the private sector, and to providing, as was stated above, the necessary institutional framework for development. The state is also seen as incapable of making sound judgments in the investment areas and in the economy in general. This same view is implicit in the desire of the businessman to help in the betterment of the bureaucracy, in order to handle economic questions in a better way.28 The same interviews also portray a distrust in the capacity of the politicians—especially those who had been in exile for a certain number of years—to handle the economic questions of the country, either because of their ineptitude or because they

27 VENELITE, Interview 070212, pp. 34, 40, 80, 82, 86.

28 See p. 146, footnotes 22 and 23, above, for criticism.
had been away for so long that they had lost perspective or lack the knowledge of the national problems.

On the other hand, suspicion concerning the economic development concept seemed to have been mutual. The politicians also seemed to have no confidence in the business class leading, or participating in, this development, as is demonstrated by the following statements of the people interviewed:

... it is the possessors of great fortunes in this country who have every conservative concept of our economic development .... They are frightened by change, especially when these changes imply that they will no longer be able to pile up fortunes easily .... that privileges which they have enjoyed in the country will be beyond their reach. 29

This statement is, of course, a generalization. There was an effort on the part of some politicians, as revealed by the interviews, to see some members of the business sector in a different way. This effort was expressed in the following manner:

... among these economic sectors, those of whom I complained a moment ago that they expressed their point of view with great arrogance, there exist, without any doubt, persons of social sensibility and with a generous perspective on national problems. 30

There are very influential economic groups here that were formed by men who are now quite old. Luckily for the country the present heads of these groups are the second generation, young men so to say from the oligarchy--let's not use the word oligarchy--from very strong economic groups .... They are individuals of great sensibility, not interested only in making money but rather in broadening themselves. They accept many things their fathers would not have considered .... I consider it very positive that

29 VENELITE, Interview 094, p. 68.

30 Ibid., Interview 034092, p. 189.
these gentlemen discuss solutions to problems with us . . . .
The mere fact that they converse with us is extremely positive.31

The point of the above remarks, despite the name calling, is none other
than the possibility of being able to converse or to establish a "dialogue" with
the business sector, and the willingness of the latter to change direction and
orientation. This proved to be the case, in the efforts made at the convention
of FEDECÁMARAS at Barcelona, when planning for economic development
was discussed, and at the Seminar of Maracay, when the future orientation of
private enterprise and initiative in Venezuela was definitely delineated.

However, some problems emerged because politicians seemed to link
developmental goals to a series of subsidiary objectives that were considered
with reservations by the economic sector, such as unemployment and distribu­
tion of wealth. The approaches of the economic sector, as evidenced by the
statements of FEDECÁMARAS, were completely different and emphasized
some previous undertakings before the government objectives were to be ac­
complished. In other words, in the eyes of FEDECÁMARAS, to achieve the
subsidiary goals was going to require the State to do something such as the
training of the population and bringing this to participate in the development
process. Moreover, the business sector seemed to have summarized the ob­
jective of development in the following manner:

For the sake of simplicity, I would reduce all problems to one
alone which would be the achievement of development and social
welfare for all the people. . . . Naturally, that economic

31Ibid., Interview 061176, pp. 94, 96.
development understood in nationalistic terms seek to attain independence or liberation of our country, to liquidate the degree of our dependence abroad, provide us internal means of life, and guarantee, as well, the true and definite existence of democracy.\textsuperscript{32}

The above remark would sound particularly paradoxical in view of the fact that the country depended to a great extent, despite the income derived from the petroleum industry, on the aid provided and channeled through the Alliance for Progress, and that FEDECÁMARAS as a whole, favored foreign investment in Venezuela because of the technical benefits derived from such investments. On the other hand, the reference seemed to have been mainly intended to convey the fact that development should have been oriented to provide benefits for all Venezuelans, and to the fact that the country should have been looking forward to achieving a certain degree of self-sufficiency.

However, in order to achieve such development, one important factor was to remain clear and was emphasized by the politicians as such, namely, that the main or basic industries were to remain in the hands of the State.

The politicians put it this way:

\begin{quote}
What should be clear is that the industries that we consider fundamental to economic development . . . must remain in the hands of the State, either integrally or in a majority share, so that the orientation that they may have in the future will in no case depend on private activity.\textsuperscript{33}
\end{quote}

\begin{quote}
. . . it is necessary to have some clear objectives . . . In the
\end{quote}

\textsuperscript{32}\textit{Ibid.}, Interview 094184, p. 25.

\textsuperscript{33}\textit{Ibid.}, p. 60.
first place, the State must directly control the keys to the economy in the industrial sector. For example, I am convinced that basic industries should be in the hands of the State. 34

In regard to these points, however, the most important qualification made by the private sector was the poor judgment, on the part of the government, in the handling of the resources proceeding from these basic industries and supposed to be destined for developing purposes. It was the concern of FEDECÁMARAS that the government should have been making wiser decisions in this regard. The Federation, however, had not made any strong objections to these basic industries remaining in the hands of the State. Objections were made only concerning the fact that these industries were managed by people sharing the same points of view. FEDECÁMARAS conceived that the development strategy should not be the prerogative of certain individuals, managing it for their own advantage. The Federation expressed the point in the following manner:

... it is desirable that the [development policy] not be managed from the Government by people who all share the same political point of view. One of the defects, for instance, of one agrarian reform has been that it's been manipulated politically trying to gain political advantage from the participation of certain people... they have been managing the country in a very sectarian fashion.... Persons who could have cooperated efficiently in tasks of that kind have been out of the Government simply because they don't share the opinions of the people who have run the country. 35

34Ibid., Interview 034092, p. 181.

35Ibid., Interview 094184, pp. 54, 65.
FEDECAMARAS and the Alliance for Progress

One of the main themes of the Annual Convention in Barcelona was the state of the relationship between FEDECAMARAS and the Alliance for Progress. At the convention was discussed the role that the private sector should have played in the plans of the Alliance, should the sector have been allowed to participate in the formulation of the planning for development in the different Latin American countries. As was stated earlier, one of the main reasons for the failure of the plans in Latin America, in the view of the planners, and the Economic Commission for Latin America, was the resistance on the part of the private sector to the introduction of central planning organs and, even when such organs were introduced, to the formulation and implementation of the plans.

In the Assembly at Barcelona, the question concerning the role of the private sector in the plans of the Alliance for the development of the Latin American countries was brought into the picture "for a full examination." In fact, it was the thinking of this sector that the Alliance for Progress should have been submitted to a broad examination, by the private business sector of the country because,

... the Alliance for Progress was strengthening even more the power of the State in Latin America, by not incorporating the private initiative.36

On the other hand, before criticizing the Program for not doing more to bring

the private sector to a full participation in it, FEDECÁMARAS also recognized
that the Alliance for Progress constituted a demonstration that the government
leaders of the American republics had "developed full conscience" of their re-

sponsibilities. That,

... having resolved to confront the [responsibilities] in a con-

structive manner, [the countries] have adopted the solemn com-

promise that is implicit in the signing of the Charter of Punta
del Este. 37

But the Federation considered that this development of conscience, as positive
as it could be, was "not enough" to solve the problems of Latin America be-

cause, according to FEDECÁMARAS,

... [the Alliance for Progress] is no more than a program tend-
ing to complement, in a certain way, the funds that each Latin
American country should allocate to propitiate the economic de-

velopment. 38

Moreover, continues the Federation:

It seems as if it had been thought that it is enough to propitiate a
better distribution of the land and of the national income in order
for all the evils of all the Latin American countries to disappear,
without stopping to consider the substantial differences of these
circumstances from one country to the next, and that if [the pro-
grams are] instituted in some of them [that] will produce opposite
results in others. As formulas to improve this situation, [the
formation of] National Committees could constitute the adequate
organizations to evaluate all these circumstances with a full
recognition of the national reality and, in consequence, . . . in
a position to recommend the most effective programs to achieve
the objectives of the Alliance. 39

In other words, FEDECÁMARAS had no confidence that the broad objectives
set up by the Alliance could be fulfilled without taking into consideration the

structural differences of the various countries. Thus, the Federation was suggesting the formation of National committees to evaluate the situations in each country, and recommend to the Alliance the priorities and the most effective programs through which that institution could achieve its objectives. Since this had not been the way the Alliance was operating, FEDECÁMARAS was of opinion that the program had to be submitted to a broad examination by the private economic sector of the country. At the same time the organization suggested the participation of this sector in the national administration of the Alliance through a mixed committee comprised of representative of both the government and the private business sector. According to the private sector "these realities have not been considered."\(^{40}\)

A further indictment of the Alliance for Progress, in which it was revealed a continued discontent of the leadership of FEDECÁMARAS with the operation of the program of the Alliance, was made at a convention of the National Association of Employees. Three basic objections to the execution or implementation of the Alliance for Progress' Program were made at this convention by the leaders of the private sector. They described the objections and deficiencies of the Program in the following manner:

Objections: to the present time the Program has not responded fully to the achievement of its finalities, and its development finds itself entangled by circumstances of [an] institutional character and by deficiencies in its methods and procedures. Deficiencies: (1) its orientation lacks a precise definition in practice, and it is [also] lacking an informative action that would

\(^{40}\text{Ibid.},\ p.\ C-10.\)
earn it the trust of the peoples that it intends to benefit. The Alliance for Progress . . . , in its execution, has neither stated with clarity the way in which it will channel this help [resources], nor has it kindly defined the fields it intends to stimulate—the provision of financial resources, technical assistance to conquer higher stages. Apparently the Alliance has given great importance to investments of a social character: housing for labor, rural housing, environmental health, education, highways, and some Agrarian Reform problems. Most of these investments are useful because they help in the betterment of the utility of man, who is without doubt, the fundamental agent of development. But, due to the long-run recuperative character of these programs, it has been argued that the Alliance constitutes more a mechanism for indebtedness than a means to finance development in direct investments for production, with their short-run rate of return, [which] constitutes a dynamic factor of an immediate effect, in the economic development, and [that] could permit eventually the realization of the investments in social programs. It would be desirable to obtain a definition to the effect, and the corresponding bases upon which it is founded. 41

A second deficiency that the President of FEDECÁMARAS pointed out was the absence, in the alliance, of an institutional body with participation of all the signatories, to coordinate, orient, supervise, and direct the execution of all the aspects of the Program. This would permit the efficient progress of the projects, and the fulfillment of the objectives or goals.

The organization that the Federation was suggesting was, of course, different from the one comprised by the coordinator of the Alliance and its staff. It was also different from the Committee of the Nine whose concern was mainly with the evaluation of the plans to see to it that they conformed to their

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guidelines and the objectives of the Alliance. The president of
FEDECÁMARAS, Emilio Conde Jahn, referred to the way the Alliance was op-
erating in the following manner:

... [T]o overcome this deficiency is very important because
of the fact that the way it has been operating at the present time
gives the impression that it was a group of superimposed actions,
devoid of a framework; actions that in a high percentage [of the
cases] are resolved in financial transactions in the United States.
These deficiencies have prevented the Program from acquiring
its own physiognomy and affirm the notion that it is an American
[Latin American and North American] operation in which all the
countries have an equal responsibility and similar opportunities.42

The third deficiency—and more important in the opinion of
FEDECÁMARAS—was the absence of the private contribution that could have
been made by private institutions, due to the fact that the Program was de-
vised in such a way as to become what it called a "mechanism of cooperation
between governments."43 The Federation put it this way:

The Alliance has been becoming a mechanism of cooperation from
Government to Government and not an instrument to create a col-
lective conscience . . . in favor of development and [to] stimulate
and incorporate the creative initiative of the private institutions of
the different countries to the realization of their objectives . . . .
This third deficiency has for the men of enterprise the greatest
significance.44

As a result of these severe criticisms of the Alliance, by
FEDECÁMARAS, the latter, on the light of the Charter of Punta del Este, de-
demanded a greater participation in the program. Later on, when
FEDECÁMARAS established its program for that year, it suggested the

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establishment of "five permanent committees," among which a most important one was to be "a committee" that was "to link permanently" with the Alliance for Progress in Venezuela. The committee was to be formed according to the criteria (or ponencia) presented at the convention in Barcelona to the effect, that the Federation had not had the participation that it should have had in the Program. Thus, according to FEDECAMARAS,

... this committee would be the promoting [committee] for the collaboration that the private Venezuelan sector could lend [to] the Program of the Alliance.\textsuperscript{46}

Finally, FEDECAMARAS suggested that the Alliance should help create a climate of confidence and trust in which private initiative could thrive. However, it also wanted the Alliance to change the concept that it had about "free enterprise," which as had been stated by FEDECAMARAS, should have been referred to as "free initiative," because of the individual and collective responsibility involved. Concerning these considerations, the Federation said:

The Alliance should create a climate of confidence to give private initiative a greater impulse. There are some fundamental principles that... when they have been fulfilled, have made possible the maintenance of this climate of trust. Those principles are: the respect to private property, a government with authority but with limited powers, and free competition.

The Alliance talks about free enterprise. In [our] concept

\textsuperscript{45}El Nacional, July 18, 1963, p. C-11. A sixth Committee, of "a transitory character," was to be formed by FEDECAMARAS and the government sector at CORDIPLAN's level, to fulfill the resolutions and agreements of the convention concerning the adjustments to the Plan de la Nación, as announced by President Romulo Betancourt in the closing speech of the convention.

\textsuperscript{46}Ibid., p. C-11. However, none of the committees linking with the Alliance materialized.
it seems more appropriate to say 'free initiative' and competition because it is the individual responsibility that each one has to confront his own problems. On solving them he is contributing, indirectly, to the solution of the collective problems. Free initiative or competition is not the concession of privileges in favor of individuals or groups, the opposite is the truth: it is to maintain the rights and obligations of all the citizens before the State. 47

Conclusion: Two important considerations could be elicited from the above criticism of the Alliance for Progress: First, that the criticism itself stemmed from the fact that FEDECÁMARAS saw in the program of the Alliance an arrangement among governments, without any indication that the private sector was going to be brought into the mechanism to participate actively in the decisions concerning the planning strategy, in Venezuela and elsewhere, while on the other hand expecting the sector to cooperate in the implementation of such programs. A reason why the private business sector proposed the establishment of "mixed National Committees--composed of representatives from the government and the private sector--to evaluate the circumstances and recommend programs [and priorities], that were to be reflected in the Planes de la Nación, thus helping to achieve the objectives of the Alliance.

Since this was not done, the private sector, then, went on to conceive the Alliance for Progress as a mechanism strengthening the position of the State vis-a-vis other groups and institutions in the Venezuelan society, and in Latin America in general.

A second consideration--very important, considering the criticism of

the flaws of the Alliance, made by FEDECÁMARAS--was the fact that this institution had a change in attitude as attested by its willingness to participate in the Program of the Alliance--through the mixed committee--in order to help promote the goals of the Alliance (something that, as pointed out by the private sector, was lacking). In so doing it was to help create an awareness among the population for the successful implementation of such goals through developmental planning. This lack of an "informative task" (acción divulgativa), necessary for the creation of receptivity for the ideas and goals embodied in the Alliance, was one of the most criticized aspects of such program, not only in Venezuela, but in the rest of Latin America. It has been accounted for its failure in the area.

Old Disagreements on Government Policy

The year 1964 found President Raul Leoni trying to form a Gobierno de Amplitud, with the participation of all the so-called democratic parties, a thesis proclaimed by him during his electoral campaign in 1963, and ratified after being elected and sworn in as president. The policy of the new government for the years 1965-1969, practically formulated at the time of Leoni's nomination as the AD (government wing) presidential candidate at the XIII Annual Convention of the party in Boyaca, was to be concerned with an all-out effort to find solutions to the unemployment problem. At that time, Leoni said:

These solutions are the ones configurated in the platform [concerning the] struggle against unemployment, which AD underscores as
the fundamental axis of its socio-economic formulas: the intensification of the industrialization process; to stabilize and consolidate socially, the peasants' environmental surroundings in the countryside; to improve the technical capacity of the workers; and to increase housing construction, and basic capital outlays. 48

However, the most important factor, or basic rationale, of Leoni's program was the intention of providing better services to the peasants in order to stop the mass exodus of these to the cities. To this effect, Leoni said:

The determinant factor in the fluctuation of occupation and unemployment is the Agrarian Reform [Program] . . . the achievement of larger and better services to our masses of peasants, taking into consideration that the constant exodus of men from the countryside produces an agglomeration of unemployed [people] in the urban areas, generator of tensions and anxieties.

. . . [T]hus AD recognizes in its program the urgency of complementing the policy of erradicating the latifundio and of democratizing the possession of the land, with a skillful transformation of the environmental surroundings in the agricultural areas. 49

In the meantime the government was also finding itself locked up in a disagreement with the private sector concerning the development policy. In Boyacá it was also established what was to be the regime's orientation concerning the country's financial policy for the years 1964-1969. AD resolutely announced the purpose of reforming the tax legislation "to benefit not only savings and investments, but [also] to achieve a better distribution of the income." 50

The new government was proposing the establishment of "measures


that will prevent fiscal evasion in the sectors with high incomes," \(^{51}\) and for
that purpose "agree[d] to create [a] tax on dividends, on excess utilities, and
luxurious consumption." \(^{52}\) Also, according to the new government:

The financial's credit systems in the country would be increased; external credit will be channeled toward the realization of reproductive works; and foreign investment in Venezuela---treated on [an] equal footing with the national [investment]---will be subjected to a special legislation. \(^{53}\)

FEDECÁMARAS was completely opposed not only to the assessment of a tax on dividends but also to the legislative proposal to regulate foreign investment in the country. It opposed the first one on grounds that the investment in the country would be decreased; the second, because it believed in the benefits of the technology and know-how accompanying foreign investment, and if this was to be the subject of special legislation, the country would be deprived of such technology, and of the possibility of not being able to obtain enough of either the investment or the technology. These particular points were the objects of attack, on the part of FEDECÁMARAS, when the ex-


\(^{52}\) \textit{Ibid.}, p. A-4. Actually, the recommendations to impose or levy a tax on dividends was made to the government of Venezuela by the Alliance for Progress, as a measure geared to increase the income that the public sector needed to accelerate the economic development. Such recommendations were contained in the Report presented by the Committee of the Nine, after revising the Plan de la Nación 1965-1968. See "Informe Sobre el Plan de la Nación," El Universal, June 10, 1964, p. 39.

COPEI), in a declaration given in the Venezuelan Congress, also expressed the view that,

\[\ldots\text{the National Congress should initiate the consideration of a legislation on tax on dividends as an efficient instrument to stimulate the development of the country.}\]^{54}

The Federation was in complete opposition to this, and was able to obtain, after considerable pressure, an assurance from President Leoni, upon the latter coming to power, that the tax would not be imposed.\(^55\) According to FEDECÁMARAS, such declarations by the new government and by Pérez Alfonso were against the securities given by Leoni himself, concerning the matter and, in the words of the Federation,

\[\ldots\text{suggested profound differences on the topic within the Government Party [AD].}\]^{56}

FEDECÁMARAS justified its position by pointing to the conditions of underdevelopment in the country and, thus, to the urgent necessity of stimulating capital to accelerate this development:

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\text{We are in favor of the reinvestment and not [in favor] of the limitation of the dividends, because anything that would restrain the industrial development \ldots would be counterproductive, and would make us regress or become stagnant.}\]^{57}

As regards foreign investments, the doctrine of FEDECÁMARAS

\[\text{El Universal, June 9, 1964, p. 12.}\]^{54}\[\text{This was promised by President Raúl Leoni, in a letter sent to the President of the Caracas' Commerce Stock Exchange, on May 14, 1964. See El Universal, June 10, 1964, p. 25.}\]^{55}\[\text{El Universal, June 9, 1964, p. 12.}\]^{56}\[\text{Ibid., p. 12.}\]^{57}
broadly favored these as a fundamental element in financing the economic development of Venezuela. This investment was also defined as "specially good"\(^58\) to help the economic expansion in equal terms with the Venezuelan capital. This defense of the investment of foreign capital in Venezuela was the first doctrinal pronouncement made by FEDECÁMARAS at the Annual Convention of Barquisimeto in 1958. At that time, the Federation said:

\[\ldots\ [E]verything that is done to favor the investment of foreign capital report undeniable benefits \ldots\ Capitals that, definitively, will be directed to promote and [to] cooperate with the national investors and not to displace these from those activities that are traditional to them \ldots\ \] \(^59\)

Thus, referring to the present circumstances, the Federation continued:

The task of creating employment and the diversification of the base of our economy to achieve the solutions to our fundamental social problems require a continuous investment of capital \ldots\ The sources of capital in the country are insufficient in relation to the investment necessities \ldots\ We recommend, then, that in this opportunity, and in accord with the previous pronouncements [at Barquisimeto], the Federation reaffirms our pronouncements on investment of capitals in Venezuela. \(^60\)

**Efforts to Establish "a Concert of Wills"**

The Twentieth Annual Convention of FEDECÁMARAS was held at the beginning of Raul Leoni's administration. Of primary importance in this convention was to be the question concerning the necessity that the government

\(^58\)Ibid., p. 12. \(^59\)Ibid., p. 12. \(^60\)Ibid., p. 12. This recommendation was made by the Chamber of Commerce of Caracas to the Plenary session of the Assembly of the Federation. It was accepted. FEDECÁMARAS' stand on foreign investment has remained part of the doctrine of the institution.
adopted and expressed an economic policy in agreement with the "high national interests," and in which the entrepreneurial action of the state was to be "delimited from its actual and future spheres of influence in the private sector." In other words, the private sector still was not in agreement with the policy as this had been modified since 1962. According to the sector, "it did not satisfy the aspirations of this sector."

It was thus that at the convention of the Federation, this organization again asked the government to define the economic policy, a definition of which was made once more by the Minister of Fomento, in his opening speech, as representative of the government. In the speech the official government delegate emphasized the following elements of such policy:

As regards the delimitation of the public and the private activities in the economic field, . . . according to the 'Economic Policy Declaration,' announced by the previous government . . . the State limits its entrepreneurial activity to the activities considered as public services (railroads, telecommunications, electricity, gas), and to the basic industries, that require large investments and are suppliers of essential raw materials for a great number of other industries . . . . The State does not interfere with the private initiative--nor is it interested in it--but orients this since it [the private initiative] finds itself solidly emmeshed in the development plans of the National Government, insisting, on the other hand, that the Siderurgic and Petrochemical industries should remain in the hands of the State.

Thus assured, FEDECÁMARAS went on to work. However, other things were brought up at the convention, as a way of testing the private sector's reaction,

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such as the announcement about "the imminent entrance of Venezuela into the Asociación Latino-Americana de Libre Comercio (LAFTA), in order to conquer other new markets."\(^{65}\) It was well-known that this consideration could not have been made without the participation of the Federation in the matter. FEDECÁMARAS did not consider it a wise decision for Venezuela to enter LAFTA at that particular time for reasons that will be given later on. Moreover, CORDIPLAN had previously negotiated with FEDECÁMARAS in Caracas, a "Gentlemen Agreement,"\(^{66}\) according to which the economic sector was to postpone making a decision on this matter until October of that year. This dialogue, however, went on for a while and the Federation planned to submit the matter to the consideration of an "Extraordinary Assembly" to be celebrated in September of that year. Actually, one of the main objections the Federation made to Venezuela's entry into LAFTA was a fear that the selling of petroleum in the area may not represent a substantial return for Venezuela, and fear of a deterioration of the monetary value of the bolívar. This fear was somewhat assuaged when the Chamber of the Petroleum Industry (an organization within the Federation), gave assurance that the selling of petroleum in the area would be marginal. However, the question concerning the "deterioration" of the bolívar, remained unresolved. Thus, said the Chamber of the Petroleum Industry, concerning these two issues:

> In view that the sales of petroleum in the LAFTA area represent less than 10 per cent of the country's total volume of petroleum

exports... Venezuela's entry or not entry into LAFTA will not affect the Petroleum Industry... In any event, the eventual entry into LAFTA should take into consideration our international relations, because of an eventual deterioration in our process of development and a deterioration of our monetary symbol.\footnote{El Universal, June 12, 1964, p. 1.}

In any event, FEDECÁMARAS, on learning that the government had elaborated and signed the decree authorizing the entry, in violation of the "Gentlemen's Agreement,"\footnote{Actually, no entry into LAFTA was ever effected, and Venezuela's commitment to it remains one of the main obstacles to full economic integration of the area.} began preparations to discuss with the government the ulterior forms of negotiations and the implications that such entry may have entailed. It also began "to look for a way in which that entry would affect in a lesser degree the dynamics of national economic growth."\footnote{Ibid., p. 1. President Raúl Leoni, however, in his closing speech of the convention in Maracay, asked FEDECÁMARAS "to cooperate in the formation of a special commission to determine the conditions for entry" (into LAFTA). "That compromise was declared by Venezuela at Punta del Este." See El Universal, June 13, 1964, p. 1.}

Some important results came out of this conference of the Federation. The first one was the declaration to evaluate the function or operation of the state's enterprises, since it was the Federation's belief that the government had violated the principles of its own economic policy. Thus, the Federation decided with this declaration,

\ldots to proceed to make an exhaustive evaluation of the organization and functioning of the enterprises of the State, and find out if they are being managed [following] sound administrative procedures, and to make public the result of such evaluation...
that the Government proceeds to transfer to private enterprise, according to the 'Declaration on Fundamental Aspects of the Economic Policy,' those enterprises promoted by the State, . . . thus putting into practice the principles of 'transitoriedad' expressed in the said declaration . . . .

A second result of the convention was the approval of a resolution stating the position of FEDECÁMARAS on Venezuela's entry into LAFTA, as being one of

. . . reserve and cautiousness before the entry . . .; [it also] recommends the previous realization of a study to serve as a basis to the series of negotiations and consultations that should serve as a framework to the Treaty of Montevideo; to form a permanent organization for consultation in which the entrepreneurs will be represented on an equal footing with the public sector . . .; [and] to petition that the decisions that are to be taken up by the permanent consulting organism, as regards the private sector, be announced, supported, and objected to, by the Directorate of the Venezuelan Federation of Chambers and Associations of Commerce and Production, that, to the effect, will exercise the maximum representation of the private sector.

The third important result of the convention was the "Declaration of Maracay," concerning Venezuela's entry into foreign markets: a formula to be applied to the development of the economic resources of the nation. In this regard,

. . . the declaration establishes the doctrinal basis for the outward process of development and the formulas to be applied in the negotiation of those industrial products that would go into the

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71 Ibid., p. 10.
the Inter-American market. 72

The Venezuelan private sector is perfectly conscious [of the fact] that the only way to continue national development and, for that matter, to solve the great socio-economic problems of the country, is to go into the external markets with its products. The Venezuelan economy, in all its aspects depends, unquestionably, on the petroleum income. Our interest, thus, should be centered on the eventual substitution, in the long-run, of the said [source of] income; besides, it becomes necessary and indispensable, [to decide on] its complement, immediately, if we want to maintain the continuity of our development [in order] to improve the level of living of our population . . . . 73

Thus, as a result of the criticism made at the convention by the organization, the Leoni's Government was pressed

. . . to review carefully the programs within the Plan with the purpose of amplifying and rationalizing them, so that the objectives proposed could be achieved. 74

Accordingly, then, Leoni's Government again was forced to reaffirm the promise made by Betancourt at the convention of Barcelona, of establishing a "linking committee" 75 with representatives of the private sector, since he was especially counting on "the manufacturing industry" as being "the dynamic factor for the future economic development of the country." 76 Leoni referred to the expected cooperation of the private sector in the following words:

. . . [A] concert of wills between the public and the private sectors will be necessary. In the first place, this concert [of wills] will


73Ibid., p. 1. Other considerations were also expressed in the Declaration. See Decreto de Maracay, XX Asamblea de la Federacion de Camaras de Comercio y Produccion, (Caracas, Junio de 1964).

74El Universal, June 12, 1964, p. 10. 75Ibid., p. 10.

be established through the permanent link between the entrepreneurial task [gestión], and the task [gestión] of the State. And the Government is ready to listen to all the concrete pronouncements that are formulated to it in that respect . . . . Except in the Petrochemical industrial field, it is not necessary to establish further definitions of the official policy, because everybody already knows which are the economic limits imposed by the Government to its [own] task, and which the fields that remain opened to private initiative . . . . A Plan is never a definite thing but [it is a] permanent creation and only through the dialogue is how it could be perfected. 77

Possibly this had to be so since the Leoni's regime, and the planning agency, were contemplating that, of a total investment for the Plan de la Nación 1965–1968, "65 per cent was to correspond to the industrial sector," 78 and without the support of FEDECÁMARAS it was very unlikely that the fulfillment of any of the objectives stated in the Plan would have been achieved.

At this time, and because of the results obtained in this convention, some people in Venezuela started to believe that the government, through a skillful strategy--by bringing to the conventions a vast equipment of experts on economic affairs--had achieved an accentuation of its influence and had increased its moral power within the conventions of FEDECÁMARAS. These people started to believe that through the strategy the government was causing the different expositions by the Ministries and Presidents of Autonomous Institutes to be convincing to the delegates to the conventions. This line of reasoning was elaborated further in the following manner:

The strategy of the Government has been, then, to employ itself in depth, in all the levels, on its policies and programs of action; and the increase of its moral power over the Federation is explained by the sudden change of position of the majority of the delegates vis-a-vis positions and announcements made by the

77 Ibid., p. 1. 78 Ibid., p. 1.
Government in matters pertaining to planning and programs. In the case of the ALALC [LAFTA], for example, the Assembly has accepted without protest, the official decision [concerning] the entry of the country into the [I]nter-American market. On the other hand, the presence of the head of [the Office of] Interior Relations [at the convention] has been interpreted here as a gesture of confidence on the part of the Government toward FEDECÁMARAS. 79

However, as will be seen later on, at this time FEDECÁMARAS also came to realize that in regard to discussions of technical matters, it was at a disadvantage with the government. To that effect, the business organization sought to reinforce the institution by bringing in and training some of its personnel in such matters, in order to be on an equal footing with the government technicians.

Conclusion

This chapter elaborated some of the major issues raised at the Assembly of Barcelona. They help explain the attitude of the private sector toward the development strategy as well as the influence that planning was beginning to exert in the organization. The salient issue revealed at the convention was the "new attitude" of the Federation within the development strategy, namely, the business institution undertaking the initiative for the establishment of a new social order, necessary for the development effort. A second issue examined was the point made in VENELITE concerning the so-called "agreement" made by the business sector over the government undertaking the planning task. A

79 "Gobierno y FEDECÁMARAS," El Universal, June 12, 1964, p. 11.
third issue dealt with the Federation's attitude toward the Alliance for Progress. Finally, the chapter dealt with various other areas of disagreement which were discussed at Barcelona and carried over into the XX Annual Assembly of FEDECÁMARAS held in Caracas. These areas of disagreement were: the emphasis placed by President Raúl Leoni on the government policy to solve the unemployment problem, the issue dealing with a tax on dividends and a proposed legislation to regulate foreign investment, the delimitation of both the private and public sectors' activities within the planning strategy, the issue concerning Venezuela's entry into the Latin American Foreign Trade Association (LAFTA), and President Leoni's desire to effect a "concert of wills" between the two sectors.

Though it appears that the entrepreneurs' "new attitude" was manifested at the Assembly of Barcelona as a result of the examination of the Plan de la Nación and the government's planning strategy, this attitude was actually produced at a seminar of business executives affiliated with business concerns belonging to FEDECÁMARAS. This seminar was held in Maracay. At the Assembly of Barcelona the Federation expressed its support of the industrial policy of the government mainly as a sympathetic gesture toward the Ministry of Fomento, for the "firm and decisive action" of this department with the industrial protection policy during the years of the provisional and constitutional governments. It was this attitude and the one observed by FEDECÁMARAS after examining the Plan de la Nación and the planning strategy vis-a-vis the Federation's own document on "General Bases of Economic Development with
the Objective of Formulating a New Plan de la Nación, that Dr. Hector Hurtado, the Director of CORDIPLAN, labeled as "progressive." The document itself was considered "progressive" because it was believed that the Federation had accepted planning as an instrument for economic development and had emphasized the role of the state in such planning. However, though FEDECÁMARAS accepted planning as an instrument within which the concept of development should be framed, the Federation also stipulated that planning should be something to which everybody should contribute, and that the economic development should be accomplished for the benefit of all Venezuelans. However, the "new attitude" evolved by the entrepreneurs actually came out of the Seminar of Maracay. The thesis delineated there was that it was the duty of the entrepreneurs and of the enterprises to confront the social problems of the nation, thus discarding the old entrepreneurial individualistic concept of the enterprise. This old concept expressed the idea that "what is good for the enterprise is good for the nation." It was decided at Maracay to undertake the development of the idea that "all that is good for the country is good for the enterprise." Thus, it was to be the responsibility of the entrepreneurs to create, maintain, and strengthen the political, economic, and social conditions indispensable for private initiative to prosper and develop. According to the new concept the entrepreneur should participate with his initiative, his sense of organization, and his personal capacity to orient, direct and stimulate social action. This, in the opinion of the entrepreneurs, obeyed to one reason: "there could be no economic welfare without social welfare." On the other hand, the collaboration
of the enterprise to the solution of social problems was not to be considered a form of charity on the part of the same enterprise. It was to be considered an investment in the enterprise, because "if enterprise ignored society, the society was to end up ignoring enterprise." Thus, the appeal was to a form of altruism. The entrepreneurs were to invest with greater risks, without expecting large returns or profits.

The idea behind this "new attitude"—the "spirit of the Seminar"—was the "formation" of the Venezuelan man. It was intended to correct the "passivity" in this man so that he could become a creator of wealth, an entrepreneur. The creation of a large number of entrepreneurs will in the end bring these to think along entrepreneurial lines: they will be creators of new obligations, of new sources of employment, and will become developers of human potential. Efforts in this direction were to be placed in technical education in order to develop the human resources needed for the economic activity. Technical education, then, became a precondition imposed by the private business sector for any program of industrial development in which this sector was to become involved.

Among the conclusions coming out of the Seminar of Maracay was the one dealing with the allocation of part of the profits of the enterprise for socio-economic development programs, as "a necessary attitude compatible with the best interests of the enterprise." To substantiate the pronouncements it was decided that such contribution should be channeled through entities already in existence. A program was established, called Dividendo para la
Comunidad, for which enterprises were to contribute a percentage of their utilities to a fund destined to solve the social problems of the country. A Board was formed, to supervise the program, representing all the institutions and private foundations whose objective was the social progress of Venezuela.

Thus, the "new attitude" referred to by Dr. Hurtado at Barcelona, was merely a partial acknowledgment of a broader "change of attitude." The whole attitude could be resolved into a desire to take the initiative in establishing a solid base and the necessary framework within which development planning and, hence, economic development could not possible have proceeded. It must be remembered that FEDECÁMARAS believed that one of the State's tasks in economic development was to provide the necessary "social infrastructures" for development to take place. By undertaking to develop some of these infrastructures, FEDECÁMARAS was assuming a role that substituted the action of the State.

The second issue relates to the point made by VENELITE, and that came up at Barcelona after the examination of the planning strategy, concerning the business sector's "agreement" over the government undertaking the planning task. The opposite seemed to have been the case as substantiated by the evidence presented. It has been portrayed that the private sector came to accept planning in a reluctant way and subjected this planning to certain conditions. This attitude was observed because of a lack of confidence, on the part of the business sector, in the capacity of the regimes and the planning technicians to plan for the business sector as well as for the nation in general,
without the help of the entrepreneurs. Thus, the evidence presented tends to agree with that portion of VENELITE concerning the fact that the main "point of dissensus" was to be located on the question of where the power over the economy was to lay—whether it was to be located in the government or in business. The evidence does not agree, however, with the view taken there concerning the fact that economic leaders looked primarily to planning and then agreed to it, if that planning was to be done entirely by the government or a centralized body, as the instrument to bring about economic change in the nation. The private sector did tend to look up to the "legal action" of the government as one of the most important factors for providing the correct institutional framework for planning the economic development of the country. This development could only have been possible when the legal stable framework was instituted. Moreover, FEDECÁMARAS could not possibly have assigned the task of planning solely to the State when the Federation, on the light of the indictment of the Plan de la Nación at Barcelona, was of opinion that planning had to be done "democratically." That is, with the participation of all the important decision-making sectors of the country and of all Venezuelans. This thesis became known as "Democratic Planning" and "Economic Democracy." They will be elaborated in the next chapter.

Thus, the above factors tend to explain some of the suspicion that the private business sector harbored toward the government efforts in the planning strategy. This suspicion was confirmed in the VENELITE interviews themselves. One of the interviewees from the business sector expressed the
thought that FEDECÁMARAS believed in "a concert of efforts" between the public and the private sectors to achieve an integral development. However, this thought was qualified when it was also expressed that it should be the task of the State to help create more favorable conditions for attaining the maximum development of the private sector. On the other hand, the suspicion tends to be mutual. Politicians also tend to harbor some suspicion concerning the willingness of some members of the business class to participate in the economic development. This, however, was qualified when it was expressed that some members of the business sector possess a real "social sensibility and openness of mind" in national problems. Thus, "the mere fact that they are willing to converse and establish a dialogue was comforting and reassuring."

This willingness to establish a "dialogue" was exactly the attitude that was produced at Barcelona after planning for economic development was discussed and at the Seminar of Maracay, when the future orientation of private initiative was definitely outlined.

Another area of disagreement discussed at Barcelona was the state of the relationship between FEDECÁMARAS and the Alliance for Progress. In this regard, FEDECÁMARAS discussed the role that the business sector should have played in the plans of the Alliance should the sector have been allowed to participate in the formulation of planning for economic development in the various Latin American countries. According to the private business sector, the Alliance for Progress should have formed National Committees integrated by representatives of various sectors, including the private sector,
to study and evaluate the circumstances in each one of the countries, and to make the most effective projections for the achievement of the objectives. This was not done, and according to FEDECÁMARAS, the Alliance was losing the contribution that could have been made by the private institutions in the development effort. Thus, the Federation criticized the program for its failure to incorporate the "creative initiative" of the private institutions of the different Latin American countries for the realization of the objectives of the governments of those countries through the planning strategy. According to FEDECÁMARAS, the Alliance for Progress was an "arrangement among governments," without any indication that the private sector was going to be brought into the mechanism to participate actively in the actions of the planning strategy in Venezuela and elsewhere, while on the other hand the program expected the sector to cooperate in the implementation of such programs. One important consideration made, despite the criticism leveled by the organization against the Alliance, was that the Federation had a change in attitude and was willing to participate in the Program of the Alliance, if only to help promote the goals of the program, something that the business sector considered was lacking in the Alliance of Progress. In so doing it was expecting to create an awareness among the population for the successful implementation of the goals through developmental planning.

The other areas of disagreement within the planning strategy were issues that were discussed at the Assembly of Barcelona and that were carried over into the XX Annual Convention of the Federation held in Caracas. These
issues were President Leoni and Acción Democrática's continuing desire to solve the unemployment problem, the issue dealing with foreign investments and a tax on dividends, the issue dealing with Venezuela's entry into LAFTA, and the issue dealing with the delimitation of activities—or areas of responsibilities—between the public and the private sectors' within the planning strategy for development.

At the XX Annual Assembly of the Federation at Caracas, President Leoni again underscored AD's intention of solving the unemployment problem, which constituted a "fundamental axis of the government's socio-economic formula, in order to stabilize and consolidate the environment in the countryside." However, in order to accomplish this goal, the government was intending to "erradicate the latifundio" with the objective of "stopping the exodus of people" from the countryside into the cities. FEDECÁMARAS was in agreement with the solution of the unemployment problem. However, as will be observed later on, the business organization was not in agreement with an Agrarian Reform Policy through which certain political objectives were to be pursued, to the "detriment" of the agricultural sector. In this regard, the Federation was to issue a doctrinal pronouncement stating its position on this issue.

Another matter of disagreement between the public sector and FEDECÁMARAS within the planning strategy to effect economic development in Venezuela, was the issue dealing with the tax on dividends and a proposed legislation to regulate foreign investments. Acción Democrática had announced
the purpose of "reforming" tax legislation in order to "benefit savings and investments" in Venezuela and "to achieve a better distribution of income"—another of the political objectives of the regimes, to be achieved through the planning strategy. Such a move was to imply that foreign investment, that was treated by ex-President Betancourt as being "on an equal footing" with national investment, was to be subjected to special legislation. FEDECÁMARAS is observed opposing the assessment of the tax on dividends and the legislative proposal to regulate foreign investment in the country. The business organization opposed the first because it believed investments in the country will be decreased; the second, because the organization believed in the technical know-how accompanying foreign investment and if these investments were subjected to special legislation, the country was to be deprived of such technical know-how and of the possibility of obtaining any of these in the future.

FEDECÁMARAS is then observed presenting other arguments. Among these, that foreign investment was "a fundamental element" for financing economic development and "especially good," if placed on equal terms with Venezuelan capital, to help the economic expansion. Along these lines, the business organization is observed presenting the defense of foreign investment that constituted the first doctrinal pronouncement of the Federation at the Annual Assembly of the Association in Barquisimeto in 1958. At that time, FEDECÁMARAS considered this form of capital as reporting "undeniable benefits. It (the investment) would be directed to cooperate with national investors and not to displace them from activities that are traditional to these investors."
In 1964, FEDECÁMARAS is observed pointing to the conditions of "underdevelopment" in Venezuela, and expressing the need for a continuous investment of capital "to diversify the economy, to create employment, and to solve the fundamental social problems." The source of capital in the country was "insufficient in relation to investment necessities." Therefore, FEDECÁMARAS sees "an urgent necessity of stimulating capital to accelerate this development."

A third area of disagreement within the planning strategy for development projected into the Assembly of 1964, was the issue dealing with Venezuela's "imminent entrance" into the Latin American Foreign Trade Association (LAFTA) "in order to conquer new markets." The issue was brought up at the convention in order to test the private sector's reaction more than anything else. The decision could not have been made without the participation of FEDECÁMARAS in the matter. The Federation and the government had previously negotiated a "Gentlemen Agreement" in Caracas, according to which the business sector was to postpone making a decision on the matter until October of that year. FEDECÁMARAS objected to Venezuela's entry into LAFTA because it "feared" that the selling of petroleum in the area may not represent a substantial return to Venezuela and because the organization "feared" a "deterioration of the monetary value of the bolívar." The fear was somewhat dissipated when the business institution learned from the Chamber of the Petroleum Industry, that the total selling of petroleum in the LAFTA area was not to represent more than 10 per cent of the total production. On the
other hand, the Federation's reaction to the position of the government produced two results: First, on learning that the government had "elaborated and signed" a document authorizing entry in violation of the "Gentlemen Agreement," FEDECÁMARAS began preparations to discuss "negotiations and implications" that such entry was to have and "to look for ways to lesser the impact of such entry in the dynamics of the national economic growth." A second result of the reaction to the government's position was the approval of a resolution stating FEDECÁMARAS' position on Venezuela's entry into LAFTA as one of "reserve and cautiousness." The business organization recommended the realization of a study to serve "as a basis for the series of negotiations and consultations" that, in turn, were to serve "as a framework for the Traty of Montevideo"—the treaty forming LAFTA. The Federation also recommended the formation of a permanent organization for consultation in which the entrepreneurs would be represented on "an equal basis" with the public sector. The Federation was very emphatic in its recommendations that any "decisions taken by a permanent consulting organization be announced, supported, and objected to by the Directorate of FEDECÁMARAS, that will exercise maximum representation of the private sector." A third result of the discussion of the government's position on the issue of Venezuela's entry into LAFTA was the production of a document entitled the Declaración de Maracay (the Declaration of Maracay), dealing with Venezuela's entry into foreign markets and containing a "formula" applied to the development of the economic resources of the nation. The Declaration established the doctrinal basis for
the process of development geared to reach foreign markets, as well as the "formula" to be applied in negotiations of industrial products intended for the Inter-American markets. The Federation was "conscious" that "the only way" to continue the national economic development and solve the great socio-economic problems of the country, was "for the Nation to go into the external markets with its products." This interest, in the opinion of FEDECÁMARAS, was to be centered in the substitution in the long-run, of the dependency on petroleum income in order to find "the complement" needed for the country to maintain a continuous economic development.

The fourth area of disagreement within the planning strategy was the controversy concerning the "delimitation of areas of activities" reserved for the two sectors within the planning strategy. FEDECÁMARAS had stated at the XX Annual Assembly that there were two questions having primary importance: the necessity that the government adopted an "expressed economic policy" in agreement with the "high national interests," and a "limitation of the actual and future" action of the State on spheres of influence in the private sector. A "clarification" of this position was made first, by the Minister of Fomento and second, by President Leoni himself. The Minister of Fomento emphasized the delimitation by declaring that the State "was to limit" its entrepreneurial task to the activities considered public services such as telecommunications and railroads, and to the basic industries suppliers of raw materials important for other industries. The Minister also declared that the State was not to interfere with private initiative but wanted "only to orient"
this because "private initiative finds itself enmeshed in the development plans of the National Government." The Minister also "insist[ed] that the Siderurgic and Petrochemical Industries" were to remain in the hands of the State.

President Leoni went on to declare that the exception of the Petroleum area it was not necessary to establish any further definitions because "the limits of the government activity as well as those of the private sector are defined."

Thus, as a result of the criticism made at the XX Annual Assembly of FEDECÁMARAS, President Leoni's government was "forced" to review the projections of the Plan de la Nación 1965-1968, with the purpose of "amplifying and rationalizing" them "so that proposed objectives could be achieved."

President Leoni was also "forced" to reaffirm the promise made by ex-President Betancourt at Barcelona of establishing a "linking committee" with representatives of the private business sector, especially since the government was counting on the manufacturing industry to provide the dynamism for the future economic development of the country. President Leoni referred to this action as the establishment of "a concert of wills." According to this "concert of wills" the government was to be "ready to listen to all the concrete pronouncements that are formulated to it in that respect." Thus, President Leoni thought that through the "dialogue" was how the modification of the Plan de la Nación 1965-1968 "could be perfected." However, this had to be so, since both CORDIPLAN and President Leoni were contemplating that, of a total investment in the Plan de la Nación 1965-1968, 65 per cent was to correspond to the industrial sector and without the support of FEDECÁMARAS it was
unlikely that the fulfillment of the objectives stated in the Plan could have been achieved.
CHAPTER VIII

ECONOMIC DEMOCRACY AND
DEMOCRATIC PLANNING

Introduction

The previous chapter analyzed the basic areas of disagreement within the planning strategy for development in Venezuela. An analysis was also made of the "new attitude" of FEDECÁMARAS which was defined essentially as a desire on the part of the Federation to confront the social problems of the nation, thus discarding the old entrepreneurial "individualistic" concept of the enterprise concerned only "with making a capital produce." This old concept expressed the idea that "what is good for the enterprise is good for the nation." The new concept expressed the idea that "all that is good for the country is good for the enterprise." According to this new concept, FEDECÁMARAS was to contribute with its initiative to orient and stimulate social action. It was to be the responsibility of the enterprise to create, maintain, and strengthen the political, economic, and social conditions indispensable not only for private initiative to prosper and develop, but also to provide the adequate framework for development to take place. In accordance with this "new attitude," then, FEDECAMARAS was to contribute to the "formation" of the human resources
or "new entrepreneurs" that will eventually be "the creators of new obligations, sources of employment, and developers of other individuals' potential," essential for the process of development. Embodied in this "new attitude" was also FEDECÂMARAS' commitment to contribute a percentage of the utilities of the enterprise to help solve the social problems of the nation.

Another argument presented in the previous chapter was the one concerning a legislation to regulate investments in Venezuela. The foreign investment's argument that FEDECÂMARAS presented in the previous chapter was the object of a study by the National Economic Council which submitted a report to the government in 1964. At the 1965 Annual Assembly of FEDECÂMARAS, all the arguments advanced previously by the Federation on the issue were again portrayed in a speech delivered by the Minister of Fomento, L. Hernandez Solis. In this speech, the Minister dismissed the political arguments concerning the administration of foreign investments and concentrated on the benefit derived from these investments, as was portrayed by FEDECÂMARAS. The present chapter closes the argument on the foreign investments issue and portrays the "reassurance" given by the government to FEDECÂMARAS through the Minister of Fomento.

In the last chapter, we observed that FEDECÂMARAS did not concede that the State was going to play the sole role in planning the economic development of Venezuela. Instead, the Federation wanted all Venezuelans to participate in this planning. The present chapter, then, analyzes the theses on "Economic Democracy" and "Democratic Planning," which portray the business
organization's preoccupation with making planning "truly democratic." On the other hand, though still preoccupied with making planning truly democratic, we observe a dilemma in FEDECÁMARAS as to whether the business organization should continue elaborating the "social function" expressed in the "new attitude" or to continue striving to become an active participant in the formulation of the plans.

This chapter also elaborates FEDECÁMARAS' quest to provide unity and solidity to its structure, in order to face up to the "new demands" within the planning process and the planning strategy. The Federation concentrates all its efforts on improving its position in the eyes of the public and on improving a sector that the business organization considered to have been ignored by the government—the agricultural sector. Accordingly, then, FEDECÁMARAS is observed at the Assembly of Maracaibo electing as president of its Directorate a representative of this critical sector, in order to "fulfill a promise" made to that sector and to build around the new president a solid unity within the Federation.

The year 1965 witnessed a change of direction in the industrial development policy of Venezuela. An important declaration was made in that year—an elaboration of the previous one made in 1964—to the effect that "only a broad policy of exports . . . could prevent the strangulation of the process of development."¹ This declaration was elaborated by the head of the Corporación Venezolana de Fomento in the following manner:

¹El Universal, June 1, 1965, p. 10.
For Venezuela the moment is coming when the country will not be able to continue developing its economy with the progressive substitution of exports. The industrial policy should, therefore, be oriented in two directions: . . . the substitution of imports in the internal market; and the concurrence to the world markets. By increasing the volume of exports Venezuela could achieve a greater utilization of its capacity, and greater performance of the industrial production.  

This declaration was important, especially in view of the fact that the CVF had been considering that Venezuela's industry was utilizing only 50 per cent of its installed capacity. However, two other considerations arose in connection with such a matter: First, there was the question as to whether the country had the technical know-how to engage in exportation, or if it was employing itself effectively in the development of an economic [export's] policy and of technical assistance, for the achievement of the proposed exportation.  

The second consideration had extreme political importance, for the utilization of the other 50 per cent of installed capacity was to mean more employment opportunities in the country.

As regards the Federation of Chambers and Associations of Commerce and Production, this period was full of ambivalent attitudes on the part of the institution toward the plans and the economic development of Venezuela through planning. During this period, 1965-1968, the Plan de la Nación was contemplating an increase in the annual gross national product of 7.2 per cent, and a 10.3 per cent growth of the gross industrial product, in order to surpass by 3 per cent the growth attained during the 1959-1964 period, that was of

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\(^2\textit{Ibid.},\ p.\ 10.\quad ^3\textit{Ibid.},\ p.\ 10.\)
about 7 per cent.\textsuperscript{4} In addition, the Plan was projecting an increase in employment of 82,100 in the manufacturing sector, or an addition of 20,500 new positions—the decade of the 50's contributed only 84,200 new positions, or 7,250 positions every year.\textsuperscript{5}

The central theme of the XXI Annual Convention of FEDECA\textsuperscript{M}ARAS, celebrated in Maracaibo, in 1965, was again "Democratic Planning." At the opening of the convention, the speech of the Minister of Fomento was received with particular enthusiasm, for it appeared to be in agreement with the criteria previously expressed by the Federation concerning the philosophy and doctrine of democratic planning. The speech also conveyed the assurance given by the government "to guarantee the respect of the private property,"\textsuperscript{6} a "definition," on the part of the government, concerning foreign investments, and a pronouncement on the Agrarian-Industrial Policy.

Some leaders within the organization, such as Dr. Aníbal Montenegro Carvallo, consulted at the time, expressed opinions concerning the Minister's part of the speech on "democratic planning" in the following manner:

\ldots [T]he Minister makes a previous recognition to the effort of the private sector in the design of a philosophy and a doctrine of democratic planning and underscores the desire of the Minister of Fomento of recognizing also the private effort for creating and developing a democratic structure within which the economic development of Venezuela would take place, and would be diversified.\textsuperscript{7}

\begin{itemize}
\item[5]\textit{Ibid.}, p. 8. See also the \textit{Plan de la Nación} 1965-1968.
\item[6]\textit{El Universal}, June 26, 1965, p. 22.
\item[7]\textit{Ibid.}, p. 22.
\end{itemize}
Dr. Emilio Conde Jahn, the President of FEDECÁMARAS at the time, also expressed satisfaction for the way the Minister of Fomento presented the decision of the government to guarantee the respect to private property, and for the security that he gave to the effect,

... that the State will watch with jealousy and severity so that the private property devoted to the social function of production will be protected against the risk of violence, in fact and law.  

Reassurance on Foreign Investment for the Planning Strategy

Some expressions of satisfaction were also conveyed in relation to the two other aspects of the exposition of the Minister of Fomento, Dr. L. Hernández Solís: the one related to the foreign investments, defining the "firm attitude" of the government of not favoring any project or declaration that may have deteriorated the propensity to invest, thus, creating a climate of confidence and trust. The second, related to the Agrarian-Industrial Policy. Our concern here will be mainly with the first, for, as will be seen later on, the Federation undertook some structural reforms to deal with the latter. Concerning the first point, Hernandez Solís expressed that:

The foreign investments are subjected to a two-way fire: a verbal current of diffused [deficient] technical formation. But, it is certain ... that Venezuela needs the contribution of the foreign savings because the savings it owns are insufficient ... [due] to the magnitude and to the abundance of problems that we have proposed to solve ...  

Citing the careful study that the National Economic Council made on the

8 Ibid., p. 22. 9 El Universal, June 27, 1965, p. 25.
investments in 1964, the Minister went on to point out, among other things, the "magnitude of the problems ... derived from the unemployment [situation]."10 The Minister elaborated this point thus:

... [I]t could not be ignored that, when confronted with the magnitude of the problems that is necessary to attack, which are derived from the unemployment [situation]—the explosive population growth, of the so-called disguised unemployment and the fact that every year about 80,000 new citizens are incorporated into the labor force—it is necessary to provide, opportunities for employment. ... [T]he insufficiency of national capital is evidenced, among other things, by the already quoted number of annual increment in the population of working age, and by the substantial investment that is required for creating new employment opportunities.11

The most important part of the speech, in the opinion of FEDECÁMARAS was, however, the report referring to the technical knowledge brought into the country by foreign investment, which corroborated the Federation's attitude towards the problem. The Minister said in that part of the speech:

Foreign capital, in addition to the financial collaboration it offers, brings with it the technical knowledge and administrative experience of the more advanced countries. In fact, it is well-known ... that foreign investment is one of the means, for an underdeveloped country, to assimilate modern technology. In that manner it is admitted that, due to the multiplying effect that it generates, [in] all investment, foreign capital contributes to the formation of national capitals.12

Elaborating on the theme before the assembly, he expressed that,

... in this matter, the 'national surrender' question should be put aside—that is, the chauvinism [saying] that the country should not surrender itself to foreign capital. [O]n the other hand, nor is it to seek refuge in a cave to prevent foreign capital from coming into the country. There has been talk about rules

10Ibid., p. 25.  11Ibid., p. 25.  12Ibid., p. 25.
and regulations. This is absurd. The Government right now has at its disposal enough mechanisms to stimulate and [to] disstimulate the investments. The Ministry of Fomento—through its Register of Industries—would be the ideal instrument to channel, in exact proportion with the national interest, foreign investment.  

In this manner, then, the Federation was given reassurance that foreign investment was not going to be the object of regulation through legislation. Or, at least, it so appeared at the moment. This was in agreement with the organization's reasoning concerning the need to import this type of investment.

Economic Democracy

As stated above, the central theme of this convention was the concept of "Democratic Planning." Along this line, FEDECÁMARAS began by proposing what it called a "democratic economy at all levels." This "economic democracy" was defined and conceived as:

... a collective action, at all levels, directed to the achievement of optimum goals in the creation of wealth and in the consolidation of social justice. Within this concept ..., the dialogue continues to be the door's entrance to a regime of close and sincere collaboration between the Government and the private sectors, for the ultimate end of the actions, that is the permanent national prosperity.

Specifically, the conception of "economic democracy" that the Federation had in mind, was to have the following characteristics:

(1) This should take into consideration the concrete living conditions of the citizens, and should be intimately related with the requirements of justice and solidarity in the redistribution of wealth;
(2) Such a regime accepts the responsibility of creating a social

13Ibid., p. 25.  
14Ibid., p. 25.  
15Ibid., p. 25.
project, that should outline at a general level, the development of the community;

(3) To carry out such social project the means to associate all the agents of decisions, with this task, must be found through the dialogue. A dialogue that [would] take place at all levels, for all activities, and in all the regions of the Nation;

(4) This participation of the individuals and the groups in the process of making decisions should not have as a final product its integration within a political regime. In other words, the participation should be democratic enough so that the right of opposition of all the economic agents may be respected. The modus operandi could be difficult to find. Nevertheless, the respect for the originality of each decision-making agent, and its autonomy, are the bases of an authentic democracy. 16

The previous statements reiterated FEDECÁMARAS' ideal of planning within a democratic context. According to this, a strategy for development had to be devised in which the means to bring all the decision-making agents to participate in the decisions, had to be found. However, according to this pronouncement, if the distribution of wealth was to be a goal within the planning strategy—and we have observed that this has been a primary objective17—this distribution was to require some collective action for its achievement. This collective action, in turn, had as a pre-requisite the organization of a community in which all the decision-making agents were to be integrated. On the other hand, such integration of the agents was not to be associated, nor was it to have as its finality, the incorporation of such individuals and groups to any particular regime. Finally, the way to bring all the decision-making agents together was through the establishment of a national dialogue whose

16 El Universal, May 27, 1965, p. 9. The emphasis is the writer's.

17 See pp. 203 and 204, above.
objective was to exclude the conversion of individuals to a political cause or regime. The autonomy and position of all the agents was to be respected.

This point of view towards the planning strategy in Venezuela, did not become the exclusive prerogative of FEDECÁMARAS. Though the Federation conceived the idea first, the latter came to be shared, in a modified version, by COPEI. The latter, which at the time had withdrawn its participation in any phase of the Acción Democrática government, and whose participation in the coalition, until 1964, became essential for the preservation of the stability of the democratic regime of Betancourt, came to regard the planning for development strategy in almost the same terms.

COPEI and its leader, Dr. Rafael Caldera, expressed dissatisfaction with the way planning was being done in Venezuela. That is, a planning conducted without the participation of the citizenry and other important groups in the society, from which enough cooperation could have been elucidated for the development of the plans. To that effect, and also due to the lack of confidence in the government technicians, COPEI, first in 1964, and then in 1966, celebrated "Congressos of Technicians and Professionals" (these coming from all over the country, and representing different professions and technological fields). The purpose of these Congresses was to elaborate comprehensive programs for the Nation and, in so doing, bringing the participation in the planning for economic development strategy of as many points of views as it was
possible to obtain. Thus, COPEI's preliminary programs, in agreement with what the party considered to be the needs of Venezuela, were elaborated even before it came to power in 1968. Actually, the purpose of COPEI was to reshape the form of government, if not into an "economic democracy" (in the words of FEDECÁMARAS), at least into a democracy in which the views concerning the development of the country were not to be dictated from Miraflores through CORDIPLAN. However, as will be seen later on, Dr. Caldera was also to confront problems related to the planning strategy.

**Elaboration of the Thesis on Democratic Planning**

After the declaration on "Economic Democracy," FEDECÁMARAS went on to work on the central theme of the convention: "Democratic Planning."

The problem was to be considered by its number one commission within the Assembly. It was not, however, until after a much heated debate that the commission approved an "agreement" (un acuerdo), in which the "concept of democratic planning came to be accepted, as well as the route to be travelled for the institutionalization of this concept, as a preliminary step to the ordered development of the national economy. Thus, the commission considered the

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18 See, for instance, Venezuela '68, op. cit. This, of course, was also used as a propaganda tool by the party.

19 Topics to be discussed at the assemblies of FEDECÁMARAS are assigned, and considered, in order of importance by Commissions.

thesis of "integral development" in the following manner:

[T]he fundamental task of this generation is to work for our integral development, as the only true and practical road for the Venezuelans, to achieve an adequate level of living, enjoy the benefits of a social justice of real content, and respect our basic institutions as a factor of progress. . . . [T]hat development task must be achieved with full nationalistic sense, and with the collaboration of the sectors of the country; that the action of the State [should] determine, in a fundamental manner, the direction, orientation, and intensity of our development, and that the orientation of the same should be accomplished with the contribution of all the national qualified factors, so that the development [would] be adjusted to our necessities and real possibilities. 21

Thus, the Commission, in line with the above considerations, proposed to the Assembly of FEDECÁMARAS an "agreement" conceived in the following terms:

(1) to approve the idea and purposes of the 'Democratic Planning' expressed in the introduction and conclusions of the ponencia of the same name; (2) to entrust the Executive Directorate of the Federation of Chambers that, within the general outline of this ponencia, study a basic scheme for the institutionalization of the 'Democratic Planning' utilizing as material for the task [the various ponencias on] 'Democratic Planning,' 'Democratic Planning and the Entrepreneur,' and 'The Promotion of Economic Development; the contributions of the delegates interviewed during the deliberations of the commission, and their experiences on regional and sectoral aspects; and conducting all the other additional consultation that it deems necessary; (3) to recommend to the Directorate the organization of technical teams for the necessary work toward that end; (4) to give the Executive Directorate of FEDECÁMARAS, to be elected in this Convention, an expressed mandate, so that within the period in which it is to exercise its functions, presents to the National Public Powers this just aspiration of the Venezuelan entrepreneurs, so that the planning and orientation of the economy would be accomplished in a democratic way, establishing an institutionalized procedure for constant dialogue between the private sector within the present constitutional order. 22

21 Ibid., p. 1.

According to the above statement or "agreement," planning, as well as the orientation of the State in development, was to be accepted, but subject to the condition that it be a "democratic planning," and that it be adjusted to the necessities of the country. On the other hand, such planning was also to be conditioned to the establishment of a "planning strategy," or a system of democratic planning, within the private business community. Thus, planning, as conceived by the private sector, was not to be only the prerogative of the National Government. To be truly democratic, according to the reasoning of the Federation, planning had to be done also within the private business sector (as well as at other levels of decision-making), and according to the rules of the game assumed to be prevailing in a democratic society.

This argument on "Democratic Planning" was interrupted several times at the convention, and created much confusion because of the terms and concepts used. It was believed that the private sector was trying to petition the State for a portion of its power prerogatives. Specifically, the term that created the confusion was "shared responsibility" (responsabilidad compartida). In relation to this, it was explained later that:

... this was not [done] implying a reclamation of power on the part of the private sector, and that the State could not delegate, but [instead] that the responsibility should be shared at the level of planning, that is to say, in the terrain of [the] analysis and design of the plans of action of the State and of the private sector, in the economic development of the country. 

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24 Ibid., p. 25. Emphasis is the author's.
It was only after this was clarified within the commission that the above "agreement" was forwarded to the Directorate which, in turn, submitted it to the consideration of the organization, meeting as a whole. A plenary session of the organization approved the idea and authorized the Directorate to elaborate, or design, a "basic scheme for institutionalizing the Democratic Planning." It was also decided "to present to the Public Powers, within [a] one year lapse, the group of aspirations that the Venezuelan Federation of Chambers entertains on this matter."\(^25\)

Nevertheless, at the margin of the above proposal, and when the question of "basic instrumentation" to make possible the democratic planning came up—"to give proper and functional physiognomy to this [type of planning], as a point of departure for an ordered economic development"—Dr. Pedro R. Tinoco proposed and supported the creation of a National Council of Production. In this Council were to be represented all the public and private organizations having active participation in the national economy. FEDECÁMARAS favored the idea of creating the National High Council of Production. In such a Council, according to the Federation:

... the public sector would be represented by CORDIPLAN, and the private sector by OPLANES [Office of Entrepreneurial Planning], that would be created as a result of the adoption of a thesis [of the agreement] on democratic planning just approved by the Assembly.\(^27\)

\(^{25}\text{Ibid.}, p. 1.\) \(^{26}\text{Ibid.}, p. 25.\) \(^{27}\text{Ibid.}, p. 25.\) Along these lines, it was also proposed that the existing National Economic Council, an organization created in 1946, would be utilized, and that the consumer would be represented. This idea, however, did not materialize.
However, the idea for the constitution of such a Council, as proposed by Dr. Tinoco, and later by FEDECÁMARAS, never surpassed the level of rhetoric, and thus disappeared into oblivion.

Sharing of Responsibilities Within Planning Structure and Modification of FEDECÁMARAS' Structure

In his closing speech at the Convention of FEDECÁMARAS, President Raul Leoni went on to express:

... the good opportunity that such assemblies presented to make good the intentions of the National Government to establish a dialogue around the passionate matters related to the national situation and [to] the economic policy of the country ... 28

The words contained in the speech were received again in a "favorable" way by the group, especially since it conveyed the impression that the private sector was being invited to "share in the responsibility of analyzing the great economic matters" involved in planning. Such impressions were stated by an observer in the following terms:

The President gave a big support to the Venezuelan entrepreneurs in inviting them to share with the Government the responsibility of the analytical study of the great economic matters within a program of democratic planning. The entrepreneurs now entertain a new conclusion: they believe that they are in the presence of a new attitude of change, of a new conduct on the part of the State for the [purpose of] taking advantage of all the wills in benefit of the national progress and, of course, there is the decision [on the part of the private sector] of allying themselves with the Government in


that task of producing and progressing.  

The above declarations came after the organization, through the speech given by its president Emilio Conde Jahn, again expressed the desire to find formulas for "cooperation to attack the acute social problems," and in relation to which he again emphasized the concept of "democratic planning as a new concept that should be incorporated in the new body of doctrine of FEDECAMARAS." Concerning the social problems, Conde Jahn also again emphasized the "constant preoccupation of the entrepreneurs, in these matters," in the following manner:

The acute problems that are expressed in the poverty, backwardness, and illiteracy of the important nucleus in the country, are well known. The Venezuelan entrepreneurs aspire to participate in a more effective manner in the task that the public sector realizes concerning the elimination of this state of things and cooperating with its experience, its capacity, and its productive elements, to the study and analysis of the measures that could be taken to remedy the present evils and to bring better conditions of material, social cultural well-being to all the Venezuelan

30 El Universal. May 29, 1965, p. 16. On the other hand, Leoni, in his speech, also expressed concern about the lack or insufficiency of the resources that the government had on hand, to take care of the necessities and the requirements of the industrial and agricultural development of the country. To that effect, he manifested: "... the pressing problem of finding new sources with which to increase the revenues of the National Treasury is still an issue ..., "ibid., p. 16. FEDECAMARAS was to take issue on this, because as the maximum representative of the private business sector, it opposed any further moves on the part of the government into the private sector. However, despite the criticism by opposing members of the other parties in the National Congress, Leoni was able to find support for a supplement to the Plan de la Nación called the Plan Adicional de Inversiones, "to provide employment for 12,000, and to incorporate 8,000 more to the labor force," ibid., p. 16.

communities.

It is an essential factor, of course, for this national effort, a healthy direction of the public expenditures and a political picture that serve as a stimulus to the tendency to invest . . . . This body of policy should be broad and should reach all the sectors of the economy in order to utilize, in an optimum way, . . . the resources that we have . . . .

Thus, in order to satisfy the above conditions, the Assembly as a whole requested the State to smooth its interventionism in the private sector. In this sense, they were asking the State that, "within the obvious limitations of the national interest, [it should] insure the freedom of initiative." In any event, before the speech of President Leoni, it appeared, according to a declaration approved by a plenary session of the Assembly—as a result of the analysis of the document on the State's intervention in the Venezuelan economy—that the state of things, concerning the two sectors' roles in the planning strategy, was at a standstill. In essence, the content of that declaration was stated thus:

[T]hat the national economic development . . . can only be achieved in a system . . . based on free initiative . . . and in the decisions, . . . and decentralized plans of the entrepreneurs . . . . Second, that within that system, it corresponds to the State an unsupersedeable . . . mission to: (a) the imposition of a juridical-institutional order . . . ; (b) the planning of the immediate necessities of the community . . . , the investments . . . to create the real infrastructures for development . . . ; (c) the adoption of measures that would bring the stability and development of the economy, . . . . Third, that the interference of the State in activities that correspond to the enterprise and to private initiative, disturbs the adequate use of the

34Speech by Emilio Conde Jahn, President of FEDECÁMARAS, at the XXI Annual Assembly of FEDECÁMARAS, quoted in ibid., p. 13.

productive resources...[Entrepreneurial activities undertaken] should only be carried out to...complement, and [give] impulse to the action of particular individuals, and should conform to the same norms of organization, and...rules of competence, that are inflexibly imposed to private enterprises....Fourth,...announcements, studies, and actions, coming from...official entities, have created an alarming situation....[It is thus necessary]...(a) to proceed perfectioning the inherent functions corresponding to the State and that result in stimulus and expansion of private activities, with the understanding that these activities are the ones that effectively create the collective wealth,...generate fiscal wealth, and...insure growing levels of employment, income, and welfare for all Venezuelans.36

In any event, the above statements were geared to clarify for the government the sphere of action that corresponded to the latter. According to the Federation, the State was to provide the right institutional framework and structures within which the development of the private initiative of individuals could be achieved, in order not to interfere with the sphere of action reserved for these individuals. Another implication derived from the above statements is that if there was going to be any planning at all, this had to be done jointly with the private sector, leaving to this sector the formulation of the planning for its own institutions, but presenting this planning, and that of the public sector (as formulated by the planning agency), in a single document. Nevertheless, the invitation extended the private sector by President Leoni, in his speech at the convention, to "share in the responsibility of analyzing the great

economic matters" involved in planning, was indicative that this was going to be the direction planning was to take.

In these circumstances, the private sector expressed its willingness, once more, to participate "actively" in planning for economic development in Venezuela. However, it has probably been noticed that, so far, the government had been seeking the participation of the private business sector in the planning strategy for development, through the establishment of a "dialogue" between the two sectors. On the other hand, the Federation—maximum representative of this sector—had been wanting, not only to stop the government from interfering in the sector to plan what is needed from, and in, this sector—but also wanting participation in the analysis and design of the plans, from their initial formulation. It also wanted to bring other decision-making elements to participate in the planning strategy, in order to make planning truly "democratic." Thus, while it accepted the invitation to participate, this was done reticently, because the participation was only in the form of establishing "a dialogue" with the public sector and not in the form just mentioned. Even this "dialogue," however, was going to require FEDECÁMARAS to make some changes in its structure to conform to the requirements of the planning structure.

The Federation, however, was to confront one main problem—a technological one. On presenting the issue in a forum on democratic planning, and on

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37See the exposition on p. 253, above.
an evaluation of the Charter of Mérida, held the 29th of May 1965, various members tried to decipher the incognita concerning the technological potential available in the private sector to undertake the responsibility of planning at national, regional, and municipal levels. The question was that there seemed to be doubts about the readiness of the private sector to undertake such a responsibility; "doubts that it would be prepared to face up to the responsibility that a system of planning imposed in all its stages, notwithstanding the fact that the capacity of the technicians in FEDECÁMARAS was widely known and recognized."

With these considerations in mind, however, the Federation set out to make some reforms,

... with the purpose of improving its structure and to adapt its functioning to the complexity of the responsibilities that it undertook in the past seven years.

**Dilemma Between Continued Elaboration of Social Function and Continued Interest in Planning**

Despite FEDECÁMARAS' willingness to cooperate in the planning strategy, the business institution had not abandoned the course it had taken within this strategy for economic development concerning the necessity to "emphasize the importance that the social function of free enterprise has for

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the development of the country"; it was to continue manifesting this interest during future years.

This line of thinking, however, was a re-emphasis of the attitude expressed at the "Seminar of Executives" in Maracay, concerning the task of the private enterprise in the social sector. Thus, the main expositions at the assembly in Maracaibo were concerned with a continued elaboration of the "advantages that the social action [or function] of the entrepreneurs bring to the general task of economic and social development of the country." This emphasis on the social function or "new attitude" of the Venezuelan entrepreneur, as indicated above, signified a change in its orientation. It also dealt with the question as to whether to divert its attention from its interest in planning, vis-a-vis the government, or to concentrate all its efforts in making a real social contribution in helping to provide the framework, and stabilizing the bases necessary, for economic development to take place. Thus, elaborating on the "new direction" stated previously, the Federation continued:

In our country, as in other countries of our continent, since [the] beginning of the century, the entrepreneurs have pushed initiatives of a social character. But, to the extent that the industrial development progresses, to that extent it is defined, with greater clarity and precision, the quota of responsibility that the entrepreneurial sector, along with the other sectors of the collectivity, has

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41See pp. 194-95, above, for the "Seminar of Executives" initial pronouncements.

42El Universal, op. cit., p. 8.
in the solution of the social problems confronting the country. It is larger, everyday, the number of entrepreneurs who participate in the creation, direction, [and] support of social institutions of diversified nature expressly set up for educational tasks . . . . They do not only participate through this in the analysis and study of the complexity of the social problems, but [also] incorporate themselves, personally, with their capabilities and abilities, and also with their entrepreneurial [initiative] to propel these institutions, and to make them progress with the efficiency that is customary in the management of free enterprise. 43

One of the most important features of this "new attitude" of the Venezuelan entrepreneur, according to the Institution, is that it is "serving as a model," 44 so that other entrepreneurs in other countries in Latin America would begin to associate themselves with other sectors in order to solve the social problems of their countries. This line of reasoning was phrased in the following manner:

This new attitude of the Venezuelan entrepreneur not only has permitted the establishment of numerous programs of [a] social nature, it is at the same time serving as reference and, in a certain way, as a model, so that other entrepreneurs of other countries of Central and South America, begin to preoccupy themselves, and become solidarized, with other sectors, in the solution of the social problems of their respective countries. 45

The instrumentality through which this was to be accomplished, as stated above, was through the creation in FEDECÁMARAS at the beginning of the year 1964, of the Asociación Civil Dividendo Voluntario Para la Comunidad, "whose doctrinaire principles," in the words of the Federation,


... are becoming everyday more diffused in our country, as well as abroad, establishing a proper environment for the creation of a conscientious awareness of the problematic social conditions. This attitude has been translated already into the affiliation of about 350 of our enterprises, and in the apportionment of expenditures for social ends that reached the sum of Bs. 58,500,000 [plus], in the year 1964.  

46 Ibid., p. 8. Another problem on which FEDECAMARAS focused and intensified its attention was in the provision of technicians for the development effort, by training them in their own concerns, in cooperation with INCE, and out of its own accord through the Dividendo Para la Comunidad Program. As regards the Dividendo, it was estimated that the actual contribution to the program, in 1965, was in the vicinity of B's 6,800,000 for all the concerns incorporated to the organization, and a total of 50,000 employees and workers, and more than 1,500 executives. According to the President of the Dividendo, and in reference to the programs achieved and sponsored by it between 1964 and 1965, the account was put this way: "Last year [1964] the school system for apprenticeship was initiated with success, with the collaboration of the Minister of Education and the Creole Foundation.... Up to this part of the year, 13 new schools have been created, that will start functioning the 15th of September, making a total of 35 [schools] with capacity for 7,000 students. In these schools, in addition to the teaching of 4th, 5th, and 6th grades, the students will receive training in workshops [such as] drawing, carpentry, electricity, and plumbing. The cost of [the] personnel for each school ascends to B's 38,000, and for equipment and maintenance it will be invested this year B's 2,000,000, that will be financed by a [contribution of] 50% by the Office for the Promotion of Popular Education [O. P. P. E.] of the Ministry of Education, and the other 50% by the Dividendo. See El Universal, July 21, 1965, p. 20.

According to the Asociación Dividendo Para la Comunidad, this type of investment was to produce high returns and was also seen as an extraordinary social contribution. This was phrased in the following manner: "Achievements such as this, in which the sums of the efforts of the public administration and the private initiative [are put together], provide a valuable and healthy experience that could serve as a good orientation in the vast and difficult field of education," ibid., p. 20. The achievements of the Programs were described, briefly, by an observer, thus: "These apprenticeship's schools are true experiments on how a secular deficiency in our primary education could be confronted," ibid., p. 5. For a complete picture of the pronouncements, see Federación de Cámaras y Asociaciones de Comercio y Producción, Memoria, XXI Asamblea de FEDECAMARAS in Maracaibo, May 1965.
Among the objectives of FEDECÁMARAS, on becoming engaged in this activity, was the devising of developmental techniques necessary to promote a greater diffusion and promotion of the idea of "free enterprise." According to FEDECÁMARAS, among the developmental techniques that were necessary for the task,

. . . is the creation of new enterprises. Because every enterprise acts as a school and forges entrepreneurial leaders capable of promoting, directing, and managing new enterprises, contributing to diffuse the system [of free enterprise], and creating new sources of employment and welfare. 47

Implicit in this particular "attitude" was also the purpose of promoting the development of the human resources necessary for the development process. To attain this objective—and a main focus of the attitude—more importance was to be given to the educational aspect, and to some other related social programs. Thus, said the Federation:

. . . [T]he basis for the creation of new enterprises [is the] training of the human resources in existence. [For this] it is necessary to emphasize the importance of the educational, employment, self-help, community organization, and assistance and rehabilitation programs, in which the private enterprise is participating actively, as a tangible demonstration of its social responsibilities, in the integral development of the country. The gigantic task that, in this sense, the free enterprise in Venezuela is undertaking, demands not only the participation of all the enterprises, no matter their size, market, and capital, but above all, the investment that is necessary in [terms of] time, as well as in economic resources, to contribute to the creation of a better future, convinced that to invest in the future of our country is to invest in the growth and prosperity of our own enterprise. 48

One important consideration derived from the above statements is the

emphasis that the institution was placing on the educational task—that is, on technical education—to provide the youth the training that is required in modern enterprises and in the economy. There are a few implications derived from this: First, in placing itself at the vanguard of this type of education, the private sector was trying to steer the youth away from traditional orientations—the obtainment of a general classical university education, and thus, its inevitable involvement in student politics, its constant companion. This orientation was to result in the institution's later cooperating with INCE in the training of personnel in the same factories. It was shortly thereafter that INCE launched its Compulsory Training Program, which, in the latter's words, was,

... to fulfill the obligation of employing and teaching, methodically, a trade to young apprentices [between 14 and 18 years of age]. In this manner... it sets in march the National Apprenticeship Program. 

Tables 6, 7, and 8 illustrate the total participation in INCE programs from 1961 to 1968. The tables also show that the enterprises participate in both the "Direct" and "Indirect Action Programs." A second implication derived from the above statements is the apparent change of direction, on the part of the institution, in its initial emphasis on the introduction of immigrant trained labor needed for the process of development. Its involvement in the programs outlined above meant that its emphasis was going to be in the development of

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49 See Gaceta Oficial (Miraflores, Caracas, Venezuela, June 2, 1965), and El Universal, June 3, 1965, p. 11, for complete details on program.
### TABLE 6

Participants in Courses Programmed by INCE (Instituto Nacional de Coordinación de Educación), During 1961-1964, Classified by Types of Programs

<table>
<thead>
<tr>
<th>Programs</th>
<th>Participants</th>
<th>1961-64</th>
<th>1961</th>
<th>1962</th>
<th>1963</th>
<th>1964</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>121,507</td>
<td>13,908</td>
<td>16,333</td>
<td>31,112</td>
<td>60,154</td>
<td></td>
</tr>
<tr>
<td>Ordinary Programs</td>
<td>116,797</td>
<td>13,908</td>
<td>16,333</td>
<td>31,112</td>
<td>55,444</td>
<td></td>
</tr>
<tr>
<td>Direction Action*</td>
<td>83,899</td>
<td>1,200</td>
<td>10,758</td>
<td>24,628</td>
<td>47,313</td>
<td></td>
</tr>
<tr>
<td>Indirect Action**</td>
<td>32,898</td>
<td>12,708</td>
<td>5,575</td>
<td>6,484</td>
<td>8,131</td>
<td></td>
</tr>
<tr>
<td>Extraordinary Programs</td>
<td>4,710</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>4,710</td>
<td></td>
</tr>
<tr>
<td>for Training of Youth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The "Direct Action Program" is conducted by INCE, in Centers, Enterprises, and Places of Action, through its own efforts.

** The "Indirect Action Program" is under the specialized Institutes, and Enterprises, through their own efforts (Art. 12 of The Law) and the non-profit centers for Professional Formation helped by INCE.

TABLE 7

Participants In the Ordinary and Extraordinary Program of INCE 1965-1968 (In Thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>62,170</td>
<td>69,216</td>
<td>77,989</td>
<td>84,355</td>
<td>193,730</td>
</tr>
<tr>
<td>Extraordinary</td>
<td>16,151</td>
<td>19,065</td>
<td>19,065</td>
<td>19,065</td>
<td>73,346</td>
</tr>
<tr>
<td>Total</td>
<td>78,321</td>
<td>88,281</td>
<td>97,054</td>
<td>103,420</td>
<td>367,076</td>
</tr>
</tbody>
</table>

TABLE 8

Students Registered for Technical Programs of INCE in 1962-1968 (In Thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Students Registered</td>
<td>1,536</td>
<td>1,656</td>
<td>1,726</td>
<td>1.6</td>
</tr>
<tr>
<td>b. Participants in INCE</td>
<td>16</td>
<td>60</td>
<td>103</td>
<td>14.5</td>
</tr>
</tbody>
</table>

the nation's human resources. This would help to accomplish two objectives: in the Federation's eyes, it would help to create the "new enterpreneurs" needed for the creation of "new enterprisers," thus assuring the continuous involvement of this type of man in economic pursuits and causing him to divert his attention from early engagements in politics. It would also mean helping to provide the youth of the country with the skills needed to incorporate itself into the labor force, thus helping to alleviate the unemployment situation—one of the political objectives of the regimes through the planning strategy. A third implication from the above statement is that it appeared that the private sector wanted to take the leadership away from the government, insofar as this aspect of the planning strategy was concerned, since it was believed that the government was not capable or willing to undertake the enterprise.

Move by FEDECÁMARAS to Improve Its Position and Give Solidity and Unity to Structure Before Planning Completed

These changes in orientation on the part of FEDECÁMARAS did not mean that the institution was not going to continue opposing, when it deemed necessary to do so, what it believed to be contrary to the interests of the members represented in it. However, for the moment it centered all its efforts in the direction of improving its position in the eyes of the people, and those of a sector it considered to have been ignored by the government. This was seen in the movement made at the convention in Maracaibo, when the

50 This has been corroborated with examples of interviews from VENE-LITE.
Assembly decided to elect, as president of its Directorate, for the year 1965-1966, a representative of the agricultural sector—Mr. Concepción Quijada—a man who, according to the institution,

... believes in the Agrarian Reform as a solution for the social problems of the peasants, and believes in the Agrarian Reform as a solution for the economic problems of the vast rural Venezuelan population.51

Accordingly, then, it was also believed by the Federation that:

... he was in favor of forming and developing a powerful agricultural middle class; [a middle class] formed by independent producers, by entrepreneurial people, who have aptitude for work ... [and who work] with the interest that demands the security of knowing himself to be a proprietor that cannot be expropriated.52

On the other hand, the election of a member of the agricultural sector, to the presidency of the Directorate of FEDECÁMARAS, did not mean a change of doctrine in the institution. It appeared that the election of a member of the institution representing the agricultural sector was necessary to build around him a solid unity within the Federation. A newly elected member to the Directorate of the institution expressed this in the following manner:


52*Ibid.*, p. 9. However, both FEDECÁMARAS and the government had different conceptions of the Agrarian Reform. For the regime, as will be seen later on, Agrarian Reform meant the breaking down of the latifundios, and the incorporation of the peasant to the economic life of the nation, factors which, in turn, were connected to a central objective: "the supposed redistribution of the wealth." For FEDECÁMARAS, Agrarian Reform meant also the necessity of incorporating the peasant to the life of the nation, but it also saw the necessity of promoting a sense of agropecuarian enterprise, and the necessity of incorporating agriculture to the monetary economy.
I don't think one should look for an explanation of a doctrinaire type, or of tendencies, etc. FEDECÁMARAS has its own structure, very solid, formed throughout twenty one years. . . . That is FEDECÁMARAS, an institution with a great internal unity at the time of the great decisions. . . . On the final account, the unity of FEDECÁMARAS was imposed around our candidate [Quijada]. 53

Moreover, the election of Quijada, though considered of "grave responsibility" and of "great historical significance, even for FEDECÁMARAS and for the economic movement in Venezuela,"54 still did not mean the relegation of other sectors to a marginal status, but a desire to give impulse to the promise made to the peasantry, and only, as a result of this, to try to preserve and consolidate the unity of the Federation. The importance of balancing the organizational structure and the reasons for doing it were expressed in the following manner:

. . . [T]he unit of FEDECÁMARAS, in view of the manifest[ly] opposed interests moving within its midst, can only be [made] possible through a conduct of equilibrium on the part of its maximum leaders . . . . [U]p to the present time, this has not been carried to the extreme of fostering divisionist currents through the subordination of the national interest to the circumstantial interests of each [of] the sector[s] represented in it [the Federation]. On the contrary, all problems, even the most serious ones, have been considered there in a serene and objective manner--[these problems include] not only those affecting directly the economy of the country, but [also] all matters that could damage in any form the social life of the Nation. For example, the non-politicism of the Federation has been ostensibly clear; it [the Federation] is seen as an organization of consultation and study, and this has been another of the factors that has


54El Universal, June 2, 1965, p. 17.
facilitated maintaining the unity within that complex organization.  

On the other hand, however, the election of Quijada was labeled by somebody as "a new progressive and democratic tendency against the minoritarian oligarchical sectors" within FEDECÁMARAS. Thus, Jesús Fibardo Rodríguez, a Deputy to the National Congress, referring to the election of Concepción Quijada to the presidency of the Federation, made the following declaration:

... [T]he designation of the Agrarian expert Concepcion Quijada ... is the genuine expression of a new class of entrepreneur formed in Venezuela during the last two decades ... adhered to latifundia, and minifundia, and in favor of the accomplishment of an integral agrarian reform within units of production or individual plots with enough hectares for the establishment of the economic independence of the peasant. A partisan [in favor] of a greater attention to the rural sector; of a broad credit policy; and [of] the industrialization of the country, ... the triumph of Quijada also means, for the first time, the triumph of a man of the province, and of a new progressive and democratic tendency against the minoritarian oligarchical sectors moving within FEDECÁMARAS.  

However, while the above statement does present a rather accurate picture of the situation at the time, the one that actually developed, concerning the objectives of the Agrarian Reform, was to be entirely different. This is so because as time went by the institution did not come to agree fully with the political objectives of this reform which, according to the institution, is:

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55 Ibid., p. 23.

56 Ibid., p. 9.

an Agrarian Reform that is geared only to alleviate unemployment; to reduce the exodus of the rural population to the urban centers, [by] adopting a policy of redistribution of land, to solve the problems, that aggravates even more the productive inefficiency of agriculture, that [redistribution] resulting in an obstacle rather than a contribution to development.\(^58\)

FEDECÁMARAS, thus, developed its position on Agrarian Reform Policy, fully, incorporating this position to its body of doctrine. The position has been described, in essence, in the following manner:

The Venezuelan Agrarian Reform has declared in its legal instruments that it will be governed by an integral criteria. The same has stemmed from the concept that the land is monopolized by latifundios . . . and declares as its central objective to redistribute the land, . . . [in order] to incorporate the peasant to the economic life of the Nation . . . . [T]he Reform has not recognized, . . . the reality of Venezuelan agriculture, whose backwardness originates precisely in being constituted by an excessive number of small units of exploitation [minifundia], and the [urgent] necessity . . . of promoting a sense of agropecuarian enterprise, and its necessary incorporation to the monetary economy, and to the market.

. . . [A]n Agrarian Reform that does not have as a central objective making such promotion, . . . sustains the fatal inferiority of the agropecuarian activity in relation to the rest of the economic activities, and limits the possibilities of progress of its essential agents: entrepreneurs and workers.\(^59\)

Thus, the suggestion of FEDECÁMARAS concerning the Agrarian Reform in Venezuela, in opposition to the political orientation of the governmental regimes on this matter, through the planning strategy, has been, in addition to the "promotion of a sense of agropecuarian enterprise," that of orienting .


\(^59\) Ibid., pp. 24–25.
Venezuelan agrarian policy to the "achievement of a 'rational' policy of 'industrialization of agriculture.'"\textsuperscript{60} The Federation explained this line of reasoning in the following terms:

\ldots [I]n summary, a policy of 'industrialization of agriculture' should be conceived, that would adopt a series of measures capable of placing this basic sector in conditions of elevating itself to the technical and commercial efficiency of the manufacturing sector. [Such policy, would] logically, [place the sector] in conditions of enjoying similar levels of profitability and of offering equal improvement perspectives for its workers and bringing, in summary, equal positive contributions to the economic development of the country.\textsuperscript{61}

In 1965, however, the interest of the Federation was concentrated in electing a representative of the agricultural sector for the presidency of the institution, to fulfill the promise made to the peasantry in this regard. Also, to expose to that sector, to the government, and to Venezuelan public opinion, the problems plaguing the agricultural sector. On the other hand, as stated above, the Federation also wanted to preserve the unity of the institution, by bringing all the sectors to work harmoniously within the institution. The same newly elected president of the Federation wanted to preserve this unity at all cost. Thus, said Quijada:

If any reform I can launch within FEDECÁMARAS it will be a reform that will signify the union becoming more compact and never disintegrating . . . As a fundamental 'flag' [objective], we have the defense of the interest of the country that has been always the norm and guide of FEDECÁMARAS and that is a position that all want consolidated.\textsuperscript{62}

\textsuperscript{60}Ibid., p. 22. \textsuperscript{61}Ibid., pp. 22-23. \textsuperscript{62}El Universal, June 6, 1965, p. 1.
It was clear and necessary, then, from this time on, that the new president of the Federation should count with the support of all the sectors integrating the organization, if "the stability and seriousness of the institution was to be preserved." In this regard, the Chamber of Commerce of Caracas said:

There shouldn't be here conquerors nor conquered, but colleagues all in a common cause that is the welfare of the country through the private enterprise.

But, though the organization was considering itself (or at least, it was considered as such by some), as being not directly involved in politics, it was clearly the direction that the organization had been taking. This is evidenced by: first, the consideration of the Plan de la Nación, since most of the problems connected with the elaboration of this plan were directly affecting the organization; second, its continued preparation and betterment of its structure for purposes connected with future discussions of the subjects in the plans, as evidenced by the preponderance and equal position given to the agricultural sector. Third, the organization's orientation at the end of the decade of the 1960's, despite of itself, was clearly indicative of an intention to become more involved in political matters. These intentions were to become more manifest within the organization as will be seen later on.

Thus, in 1965, aside from the modifications made in its structure, in connection with the agricultural sector, FEDECÁMARAS was to remain as it

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was: No changes in principles or doctrines were to be made. However, there were three aspects that it intended to emphasize in its task for that year, namely: the internal unity of the economic sectors represented in the organization, in virtue of an adequate attention, consultation, and support to the tasks of the base organizations. Second, the intercommunications of actions, of internal and external character, for the solution of the problems of the diverse branches of each sector. Third, the planning of action to seek a solution of the problems of other regions in the country. And, fourth, the maintenance and consolidation of its doctrines and principles. Concerning the seeking of solutions to problems of other regions, the Federation stated that this was done,

... with the concrete objective of achieving the balanced development of all the sectors of the national economy, trying to overcome the present unadjustments that are hindering the economic development, as a consequence of the lack of correspondence due to the backwardness of some of them in relations to others.

Concerning the maintenance of its doctrines and principles, the purpose of the Federation was, then, to strengthen its organization, and the core of the institution for future events, not foreseeing any conflict between the different sectors, such as the industrial and the agricultural ones. In relation to this, the institution stated its position as that of an "harmonizer." Thus, it declared:

No structural crisis [is] seen within its midst because of the privileged position that apparently the industrial sector enjoys

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and the subordinate position of the agricultural sector. [T]he mission of FEDECAMARAS, far from being identified with the conflicts and the crises, is in line with the peace and [the] compromise, and in that sense its position is that of mediator and harmonizer . . . . When a conflict arises between one or more sectors, FEDECAMARAS will, immediately, strive to resolve it, without stopping to consider who the actors that are in conflict are. 68

Summary and Conclusion

Though the central theme of the XXI Annual Assembly of FEDECAMARAS in Maracaibo was "Democratic Planning" and "Economic Democracy," the Assembly produced other results such as a resolution of the foreign investment issue, and the election of a member of the agricultural sector to be president of the Directorate of the organization in order to "fulfill a promise" made to that sector and to build around the new president a solid unity within the Federation. At this time FEDECAMARAS finds itself observing an ambivalent attitude toward planning and the planning strategy for development in Venezuela. The business organization tries to decide whether to continue striving to become a direct participant in planning or to place more emphasis on its commitment to help solve the social problems.

Concerning the foreign investment issue, the Federation is observed receiving the speech of the Minister of Fomento with "enthusiasm." The speech appeared in agreement with the criterion of the business organization on the matter. It expressed the "firm attitude of the government of not favoring any project or declaration that may have deteriorated the propensity to

68 Ibid., p. 8.
invest, thus creating a climate of confidence and trust." The speech also expressed the "certainty" that Venezuela needed the contribution of foreign investment because the savings the country had were insufficient to cover the "magnitude and abundance of problems" derived from the unemployment situation produced by the great number of people incorporated every year to the labor force. In that manner, the National Economic council report corroborated FEDECÁMARAS' suggestions on the foreign investment issue. In essence, the business organization referred to this type of investment as "bringing" technical knowledge and the administrative experience of the more advanced countries. The speech by the Minister of Fomento also referred to the fact that this form of investment had a "multiplying" effect on all other investments, contributing to the formation of national capital, thus diminishing the political argument advanced by certain groups concerning "national surrender" to foreign capital. FEDECÁMARAS was thus given reassurance that this form of investment was not to be subjected to regulation through legislation.

FEDECÁMARAS is also observed elaborating the theses on "Economic Democracy" and "Democratic Planning." "Economic Democracy" was conceived as collaborative action at all levels, directed to the achievement of goals for the creation of wealth and consolidation of justice. According to the thesis, the regime has to find the means of associating all the agents of decision through "the dialogue," for all activities and in all regions of the nation. The participation of individuals and groups in the process of making decisions
was not going to have as its finality the incorporation of these agents into a political regime. In addition, participation was going to be democratic enough so that the right to dissent and autonomy of all the agents be respected.

"Democratic Planning" was conceived as planning done by, and with the, participation of the business sector and various levels of decision-making within the Venezuelan society. The implementation of this concept was to be a preliminary step to an ordered development of the national economy. According to the "Democratic Planning" concept the State should "determine in a fundamental manner, the direction, orientation, and intensity of our development." However, the orientation of such development should be accomplished with the contribution of all the national qualified factors, in order to "adjust" development to the "necessities and real possibilities" of the country. Planning was to be subjected to one more condition: It also had to be conducted within the private business sector. In other words, there was to be a "shared responsibility" (responsabilidad compartida) between the two sectors. The argument on "Democratic Planning" caused much confusion because the State believed that by using the term "shared responsibility" the private business sector was trying to petition the State for a portion of its power prerogatives. This was clarified by the statement concerning the fact that this responsibility was one to be "shared at the level of planning," in "the terrain of analysis and design of the plans of action of the State, and of the private sector and in the economic development of the country. Thus, the Directorate of the organization was asked to elaborate a "basic scheme for institutionalizing 'Democratic Planning,'"
and "to present to the Venezuelan Government the aspirations of FEDECAMARAS on this matter.

In his closing speech of the Assembly, President Leoni is observed expressing his satisfaction for the "good opportunity" offered by the Assemblies of FEDECAMARAS "to make good the intentions of the National Government to establish a dialogue on matters related to the national situation including the economy of the country." FEDECAMARAS received such words in a "favorable way" because the words conveyed the impression that the private sector was being invited to "share in the responsibility" of analyzing economic matters through planning. This also led the entrepreneurs in FEDECAMARAS to believe that they were in the presence of a "new conduct" on the part of the State, for the purpose of "taking advantage of all the wills" in benefit of the national progress. However, the "invitation" extended by President Leoni to the private sector "to share in the responsibilities of analyzing the great economic matters" involved in planning, was not meant to convey the impression that FEDECAMARAS was to participate directly in the analysis and design of the plans as FEDECAMARAS had wanted, thus helping to make planning truly democratic. President Leoni's statement, then, was meant to seek the participation of the private business sector in planning through "the establishment of a dialogue" between the two sectors. FEDECAMARAS accepted reticently this "invitation to participate." On the other hand, Leoni's invitation was going to confront FEDECAMARAS with some technical problems. An evaluation of the Charter of Mérida in 1965 produced
doubts about the technological potential available in the private sector to undertake the responsibility of planning at the national, region, and municipal levels. There were also doubts as to the readiness in the business institution to undertake such a responsibility, notwithstanding the fact that the capacity of the technicians in FEDECÁMARAS was widely known and recognized. However, with these considerations FEDECÁMARAS set out to make reforms in its structure in order to adapt its functioning to the complexity of responsibilities it was to undertake within the planning process.

Despite FEDECÁMARAS willingness to cooperate in the planning strategy, the business organization had not abandoned its purpose of "emphasizing the importance that the social function conducted by free enterprise has for the development of the country." A strengthening of the "attitude" produced at Maracay is begun to be observed. Thus, a main exposition at Maracaibo was concerned with a continued elaboration of the "advantages that the social action [or function] of the entrepreneurs bring to the general task of economic development of the country." This orientation presented the organization with a dilemma as to whether to divert its attention from wanting to participate directly in planning or to concentrate its efforts in becoming involved in the social function to help provide the framework and the bases for development. In this respect, the entrepreneurs in FEDECÁMARAS began to be observed as "the most progressive" entrepreneurs in Latin America, and as such began to consider themselves as a "model" proposing the same course of action for other entrepreneurs in the area, in order to help solve the social
problems of their countries. In Venezuela, this attitude has been translated into the affiliation of a great number of enterprises in the Dividendo Voluntario Para la Comunidad, thus apportioning part of their expenditures for social ends. Two implications are derived from the Federation's involvement in such social program as technical education: First, the Federation tries to steer youth away from the traditional orientation toward education—the obtaining of a classical education and the youth's inevitable involvement in students' politics. This orientation resulted in the business institution's cooperation with INCE and lending of the entrepreneurs' facilities for training personnel. Second, the business organization was to help the Venezuelan youth to obtain the skills needed for its incorporation into the labor force, thus helping to alleviate the unemployment problem.

These changes were not to mean that the business institution was not going to continue offering opposition when it deemed necessary to do so. For the moment, however, FEDECÁMARAS is observed centering its efforts in improving its position in the eyes of the public, and with a sector that the business institution considered neglected by the government—the agrarian sector. Thus, in order to "fulfill the promise made to the peasantry," and to bring unity and solidity to the business institution, FEDECÁMARAS elected as president of its Directorate a member of the agricultural sector. The "promise" made to the peasants was "that the agricultural sector needed to be incorporated into the money economy and to the market by a promotion of a sense of agropecuarian enterprise to the end of orienting the sector toward its
industrialization. " Thus, the selection of the new president was to accomplish two things: It was to form a powerful agricultural entrepreneurial class; a group of people that "cannot be expropriated"; the election was made to build around him a solid unity within the Federation. The business organization wanted to bring all the sectors within it to work "harmoniously" within a "more compact union." On the other hand, the election of the member of the agrarian sector was done in order to expose to the same sector, the government, and public opinion the problems plaguing agriculture in Venezuela.

Finally, though FEDECAMARAS considered itself out of, or not directly involved in, politics, this was clearly the direction it was taking. This is explained by the fact that most of the problems connected with the plans were directly affecting the organization. This is observed in the Federation's continued preparation and betterment of its structure for purposes connected with future plans and discussions of planning. Moreover, the orientation of the organization at the end of the 1960's was indicative of an intention of becoming more involved in political functions, as will be observed later on. This, despite the business organization's declarations concerning its nonidentification with conflicts, but with peace and compromise as well as with its playing the role of mediator and compromiser.
CHAPTER IX

THE INSTITUTIONALIZATION OF FEDECÁMARAS

The weight of FEDECÁMARAS as an institution, and as an associational interest group, within the Venezuelan society, becomes more obvious in the light of the results of the convention at Maracaibo. At that convention, a clarification of positions was made and a momentary understanding was reached between the private and the public sectors. Two important specific considerations could be derived from the results of the convention: (1) the specific noticeable weight of FEDECÁMARAS within the economy, and within the society, in Venezuela; (2) the definite position taken by the institution concerning its participation in the planning strategy of the country. Concerning the first of these considerations, a keen observer of the Venezuelan political and economic scenes has expressed the following:

... [T]he sole fact that the Annual Assembly just finished is the number twenty first, is the most eloquent evidence of the notable specific weight with which the Institution figures within the Venezuelan economy. From this emerges the circumstance that all of Venezuela ... awaits with interest not only the agreements approved in each one of those meetings, but also the tendencies, and the pronouncements that conduce to such resolutions, because one [or] the other easily bring the integrated economic expression of all the Venezuelan private sector. Certainly, because the dish [of the scales] of the national economy becomes grouped around the Federation of Chambers and Associations of Commerce and
Production; a dish with which the public sector [the other dish of the scales] must be in equilibrium, no matter what the content of the other metaphor dish.

The picture of those two demarcations illustrates to us the most absolute respect, on the part of the State, for the private position with which it pretends to establish permanent negotiations, without imposition, though without weakness. Before it [the State], the entrepreneurial sector—in which the agricultural block has just shown its density—not always has interpreted the imperious necessity of coexistence that permits [the organization] its development, having adopted in the last years some attitudes deserving open criticism, if such behavior was not to correspond only to determinate entrepreneurs and not to the influential sector in its totality.  

The above picture reflective of previous happenings already illustrated, portrays the tremendous weight the Federation has vis-a-vis the government in economic and national matters. It also hints at the role that FEDECÁMARAS plays in informing public opinion on matters of importance to it. In this way it has institutionalized a role that it had set out to perform, and that was stated in its goals. On the other hand, the above picture also reveals the presence of the same divisionist tendencies that were evident in the 1964 Assembly, and that threatened to split the institution. "The same groups," according to Dotti, "seemed to have renewed their stubborn pugnacity against the State." However, the issues were resolved through the moderation and rationality of the majority in the entity.


2Ibid., p. A-4. The reference is to the claims made by the so-called "neo-liberals," within the Federation, to the presumed increased interventionism on the part of the government in the private sector.
... conducted within the framework that corresponds to the Institution, as an Entity diffusing the intemperance of those destructive groups...  

However, this is not to say that the issues dealing with "democratic planning" and the role of the entrepreneurs, in the promotion of economic development, were not considerably debated. They were. There were also some disagreements, before the agreements, that were precipitated, according to observers, by the belief

... that the concept of 'Democratic Planning' should be substituted for that of 'mixed planning' [planificacion conjunta], 'because democratic planning is a vague and confusing concept and very susceptible to dissimilar interpretations. It is a supposition that the State, at the time of planning the economy... would do it that way, but in conjunction with the private economic sectors and, more concretely, with the sector affected by the reason or the objective of such planning.'

The agreement came as a result of a compromise, being decided that

... [The function of] 'planning as an action could not possibly be slighted or evaded.' However, this 'planning would not be slighted if, and when, [it] was a democratic planning. The criteria that planning is not an aspiration, an ideology, but in some cases a necessity.' [However], there is still preoccupation with the problem concerning what is to be planned.

Nevertheless, according to informed sources, the "progressive" groups seemed to have imposed their criteria in the Assembly, because, in their words:

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5Ibid., p. 19. Arguments focusing on this were cited, substantiated with different points, or opinions, from publications such as Orientación Económica—a national specialized organ—and the spokesman for the Venezuelan Institute of Social and Economic Analysis.
These groups were the ones that remembered Leoni's call on the private sector to collaborate with the official [government] institutions in the preliminary phase of the planning of those programs in which the public sector is engaged.\(^6\)

These same calls were repeated by Leoni when he referred in his speech at the convention to

\[\ldots\] a majority participation of the national and international private capital [in] chemical and petrochemical projects; the same as in the metallurgic industries, in which, 'after the State reserves the 20 or 25 per cent of the participation, the participation of the private capital could be total.'\(^7\)

Invitations, with the idea of attracting those groups, were also made in reference to the Agrarian Reform, that, according to Leoni,

\[\ldots\] 'would bring broad opportunities to those wanting to invest capital and labor in the exploitation of nationally owned land; [reference here was also made to the housing problem] whose plans are of such magnitude that the collaboration of the private sector is not only necessary, but indispensable.'\(^8\)

Thus, it appeared that Leoni's offer, which was a repetition of a previous one, brought confidence to the progressive sectors in FEDECÁMARAS, and served "to neutralize and made inoperative the negative attitude of the intransigent sector"\(^9\) within the organization. Thus, continued Dotti:

It was enough, then, to remember that offering \ldots for those attitudes of the impatient to be denied and [to] become inoperative in its own base, for the constant dialogue with which some of the representatives of free enterprise wanted to force the

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\(^7\) Ibid., p. A-4.

\(^8\) Ibid., p. A-4.

Executive, was already cordially initiated, at the Chief State's own initiative.\footnote{ibid., p. A-4.}

It must be concluded, then, that the common sense of the "progressive" representatives of the entrepreneurial world modified the orientation of the Assembly. On the other hand, it must also be concluded that, partly due to the position of both factions within the Federation, the government modified its attitude towards the private sector, in offering almost full participation in the two major industries, and in the housing industry—a participation that had

\footnote{ibid., p. A-4. One more factor that worried the Federation at the time was the amount of the social expenditures due to what it considered "political pressures," during the incumbency of Dr. André’s Germán Otero, as Minister of Finance. It trusted that the new Minister, Eddy Morales Crespo, "will know how to say no." See El Nacional, June 6, 1965, p. D-7. There was one point on which it expressed satisfaction, namely: on the "policy of budgetary equilibrium . . . substantial changes [that] have occurred since the Charter of Mérida," ibid., p. D-7. Moreover, it also expressed the "confidence that Minister Crespo will know how to maintain the same firm and hard hand, to prevent the growth of bureaucratic expenditures, so that the reproductive investments could be increased . . . ," ibid., p. D-7. The Director of CORDIPLAN, Dr. Héctor Huratado, also expressed an intention of going along with the wishes of FEDECÁMARAS: "the designation of the new Minister of Finance does not imply any change in the fiscal and monetary policy of the country," ibid., p. D-7. On the other hand, the first task that the new Minister had to face was to try to escape the political pressures that were to be caused by the intervention of the governmental coalition in matters related to the budget. This was to be an almost impossible task; such intervention was inevitable. . . . One of the objectives of Leoni's government, in forming the Coalición de Ancha Base (composed of FDN, AD (Government wing), and URD), was to have its leaders participating in decisions related to the formulation of the budget document, thus bringing to bear upon it the diverse political interests represented in the coalition. To that effect, then, the "strong-hand policy" [la política de mano fuerte], on the part of the new Minister of Finance, in handling the fiscal policy, and advocated by FEDECAMARAS, was to become a futile exercise. The coalition was in power from November 1964 to March 1966, when FDN decided to leave it; URD and AD continued until 1968.}
been exclusively reserved for the state during the Betancourt's administration—and in initiating the "dialogue" with the sector for the purpose of "preliminary planning" formulation. It could be safely concluded, then, that Leoni needed the full cooperation of the private sector, and its participation, for the achievement of the developmental planning goals, as was amply demonstrated in the Assembly.

The second important consideration—which is a result of the first—is the definite position taken by FEDECÁMARAS concerning its participation in the planning strategy. This implied a substantial internal modification of the structure of the organization in order to fulfill the task of the "democratic planning." In other words, the task was to require the organization arming itself with the necessary mechanism for the job and for consultation with the private sector. The result of this effort was supposed to be the setting up of what Dr. Hector Hurtado, the Director of CORDIPLAN, defined as "a little CORDIPLAN within FEDECÁMARAS."¹¹ In addition, according to a source, this required an "intensive formation of the entrepreneur in order to respond, at different levels, to the tasks of a serious and technical planning."¹² There was confidence in the organization, however, that these matters could be taken care of. Besides, in conformity with the postulates concerning the "new social responsibility" of the entrepreneur, FEDECÁMARAS had the task of strengthening the entrepreneurial conscience, so that these men could face up to those

responsibilities and the ones concerning their participation in national planning. It must also be kept in mind, that one of the main objectives of the Federation, since 1962, was the desire to form entrepreneurs that could handle the difficult and intricate problems connected not only with the economy and planning, but also with the society.

The previous considerations, however, did not change some basic attitudes on the part of some of the main organizations represented in FEDECAMARAS. Criticism about the way the regimes were conducting the planning strategy for development in Venezuela, and whenever the Federation felt that the private sector was being "threatened" by the intervention of the state in its realm, were leveled throughout the remainder of the decade of the '60's and beginnings of the '70's. Such was the case with the Venezuelan Chamber of Construction, which considered the intervention of the state in economic matters a question imposing on private organizations "a task of permanent vigilance."\(^{13}\)

This was expressed again by the Venezuelan Chamber of Retailers, in 1967, when the State tried to present legislation pertaining to a new "Agricultural Marketing Law" (Ley de Mercadeo Agrícola), which the Chamber considered as signifying a tendency, on the part of the State, "to limit economic freedom and to convert the private sector in a simple agent of the State through the new law."\(^{14}\)

Concerning the position of the private sector before the State, the


Venezuelan Chamber of Construction elaborated this in the following manner:

The defense of the legitimate interests of its associates, in the measure that such interests coincide with those of the collectivity, is the primary function of the private economic organization. When each one of them fulfills this mission in the appropriate sector, it is accomplished a positive task in benefit of the development and progress of the country.

... [T]he Venezuelan State is characterized by a pronounced economic interventionism in economic matters. At the present time, there could be observed again a tendency that presses to intensify the direct intervention of the State in the economy and to introduce substantial changes in its structure and its functioning. This orientation imposes on the private organization a task of permanent vigilance and of constant struggle to maintain our economic structures within its normal evolution. In no way we think that that attitude, of the economic sectors, should be understood or practiced as a systematic or whimsical opposition to the State's measures. On the contrary, it should constitute an important contribution to make sure that these are the most accurate and convenient to the supreme interests of the Nation. We understand this struggle as a means to balance that orientation that, in general terms, we consider inaccurate.  

As regards the Venezuelan Chamber of Retailers, which considered the passing of any legislation to regulate the processes of production and consumption, as a further intrusion on the part of the public sector "to limit economic freedom," the same elaborated its position in the following terms:

In the measure the State manifests its intention of interfering in the whole process [of marketing] from production to the delivery of goods to the final consumer. We are convinced supporters of the economic freedom's thesis, of the natural access to the market, and of the supremacy of private initiative and private enterprise over the intervention of the State in economic matters. This attitude has not prevented us from recognizing and accepting certain public functions tending to improve certain imperfections in the commerce's mechanism, but preserving, in any case, the essence of the marketing system. For that reason we should pronounce

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ourselves, once more, in an adverse position to legislation, as the Agricultural Marketing Bill, that far from tending to the logical and natural correction of the marketing deficiencies, is oriented to substitute the private access for the official [government] rulings and directions, in a matter so directly tied to the collective welfare as the circulation of the products of the countryside.\(^\text{16}\)

The above declaration, then, denotes opposition to what was considered by the private sector to be "pure economic dirigismo," and the reduction of the private sector, as stated above, to the role of a simple agent of the State.\(^\text{17}\) This attempt, on the part of the government, prompted FEDECÁMARAS to throw its weight and prestige in support of the opposition. The Federation was opposed to the legislation because it considered the same "harmful to the economic freedom" and, in addition, "not too useful."\(^\text{18}\) Instead, the organization was in favor of the creation of an administrative organization to solve the marketing problems, and not having these regulated by any legislation, since, according to the Federation,

\[\ldots\text{the State has the administrative capacity and the legal resources to do it [itself].}\(^\text{19}\)\]

Specifically, FEDECÁMARAS was opposed to any recourse to a legal instrument, when the regulation could have been done through an administrative mechanism, because,

\[\ldots\text{[the mechanism] would give the regulation flexibility and would permit its more appropriate accommodation to each situation}\]

\(^{16}\)El Universal, June 4, 1967, p. 1. \(^{17}\)Ibid., p. 1. \(^{18}\)Ibid., p. 23. \(^{19}\)Ibid., p. 23.
that emerges interspersedly.\(^{20}\)

Moreover, continued FEDECÁMARAS,

\[\ldots \] the law would produce distrust, fear, and disappointment, with the consequent abstention of the private entrepreneur who, not expecting the agriculture and [the] poultry [industry], [if] virtually handled by the official institutions to develop efficiently, will deny a decisive contribution to the agricultural production \[\ldots \] [With this law, the government would tend] to obstaculize more \[\ldots \] with its interventionism, the production and commerce activities, the only ones that, besides petroleum, contribute to the strengthening of the national economy and to the increasing growth of contributions to the Public Treasury.\(^{21}\)

The strongest objections of the Federation were heard, however, in connection with the content of articles 4 and 7 of the proposed law. The Directorate rejected the content of the articles because it considered the same, on the one hand, as "violating the constitutional principles of economic freedom,"\(^{22}\) and on the other, because it "established discretionary faculty for the National Executive to alter prices for agricultural machinery and other capital goods necessary for the agricultural activity of the country,"\(^{23}\) thus "giving the power to the executive to impose control in prices to guarantee just levels of productivity."\(^{24}\) FEDECÁMARAS considered this last point to be dangerous because it was "impossible" to determine whether the increases were "artificial" or not. Thus, said the Federation:

\(^{20}\)El Universal, June 6, 1967, p. 25. \(^{21}\)Ibid., p. 25.


\(^{24}\)Ibid., p. 1.
It is impossible to know with certainty when these increases are artificial, or make accurate qualifications on this delicate matter. Besides, it is run the risk that, far from dictating a useful and positive measure, it may be fallen into situations of injustice. 25

Besides the feeling of FEDECÁMARAS toward the legislation, it was believed by some sectors of public opinion that the passage and enforcement of the same could have been a demonstration of "unconfessed hostility" 26 toward private enterprise, because, according to one source,

... the Executive had instruments to regulate and adjust the damaging aspects of the agricultural process and of the market. 27

A Hard-Line and Efforts to Build a Positive Image

The year 1966 witnessed a change in FEDECÁMARAS—a cool attitude toward the government produced by the results of the Assembly in Valencia that year. In fact, for the most important meeting of the year—to discuss the Venezuelan national affairs—the assistance of the government officials was not even programmed, and the same meeting was oriented toward the assumption of a línea dura (a hard line) of decisive critical opposition to the public sector. The only commission in which a representative, or 'observer,' from the public sector—a delegate from CORDIPLAN—was allowed to participate was in the commission dealing with regional affairs. In any event, a favorable reaction to allow the public sector to attend the Assembly came only after the Directorate

27 Ibid., p. 8.
of the institution, in an emergency meeting, resolved to open the doors to some official (government) observers. Thus, it appeared that the "intention of the Federation was to restrict the assistance of official [government] observers in the future." 28

Though the main point of disagreement continued to be the alleged State's intervention in the private sector, another point of disagreement became more prominent during the course of the year, to the extent of straining even more the relations between the two sectors. This dealt with the dissatisfaction of the private sector with the way in which the Petroleum Policy was being handled, within the developmental scheme. The main interest of FEDECAMARAS during the year had been the request for

... a broad national dialogue on the petroleum question that would permit a profound clarification of this and to make a re-evaluation of the efficacy of the instruments that we have at [the] present [time] at our disposal to allow its development. 29

The Federation had argued—as was of general recognition—that the petroleum policy had a fundamental importance for the development of the economy, and that most investment decisions were influenced by the status of such industry. Thus, the Federation was beginning to insist, according to the way it viewed the matter—which it considered of national interest—on two aspects of the same:

One, that the petroleum policy cannot be a formulation independent of the general process of economic development of the country,

... Two, that being the fundamental factor for impulsing our economic development, such policy should be the result of a national consensus, and should not be influenced by dogmatic appreciations

nor [should it be influenced] by philosophical conceptions, but by the real conditions of the market. 30

On not obtaining any response to its efforts to invite a national dialogue on the issue, the Federation opted by assuming the adamant position vis-a-vis the government. This situation prompted the Minister of Fomento to make a declaration concerning dissension in the assembly as an expression of democratic freedom, but at the same time making a patriotic appeal to both sectors to work together for the progress of the country. Thus, said the Minister of Fomento, Luis Hernández Solis:

No matter what differences of opinion [may] emerge in the conception of the private sector, on some themes of political economy, vis-a-vis those of the public sector, they do not mean but an eminent expression of the functioning of a regime of democratic freedom, made manifest in the Assembly. But never . . . these differences would have the dimension of preventing that coincidental points [should] prevail above the same, to achieve through understanding and common action, on the part of both sectors, the goals for the progress and aggrandizement of the country. 31

Nevertheless, the situation just outlined also moved FEDECÁMARAS to celebrate an extraordinary assembly for the purpose of studying a reform of its statutes with the idea of adapting the organizational framework or structure of the organization, to handle the new situations. The Federation expressed the purpose of the meeting in the following manner:

30 This fundamental view of FEDECÁMARAS on the petroleum question, and policy, has remained unchanged throughout the years, and it has become a part of its economic doctrine. See Federacion Venezolana de Camaras y Asociaciones de Comercio y Produccion, Aspectos Fundamentales de la Doctrina Economica, op. cit., pp. 17-19.

The meeting will have as a unique objective making the organizational framework of the entity more adequate [in order to adapt it] to the new situations created by the economic and social development, and the growth and consolidation of the institutional resources of the entrepreneurs: to strengthen our technical structure . . . to confront the problems, every day more complex, that our dynamic economic development presents, with the finality of contributing to the necessary understanding between the private and the public sectors for planning and ordering the equilibrated and harmonious development, orient the action of the private enterprise in its institutional task at the service of the best interests of the country . . . and also [for] the reinforcement of a clear and positive image of the private action within the democratic system of life that has been freely chosen by the Venezuelans. 32

To this effect, the Directorate of FEDECÁMARAS undertook the task of elaborating a program of "systematic visits" to different sections of the country. The objective was to enter into contact with the affiliated Chambers and Associations, as well as with diverse sectors of the Venezuelan community,

. . . in order to conduct a wide campaign of diffusion [of information] and organization, around the objectives that the entire entrepreneurial world has outlined for itself, as the reason of its functioning and existence within a modern society. 33

**Appeal by FEDECÁMARAS to Private Business Sectors in Latin America to Establish Practical Forms of Cooperation with their Governments**

Despite some differences between the government sector and FEDECÁMARAS, the latter, as a whole, nonetheless found it desirable that other private business sectors in Latin America should cooperate with the governments of their respective countries, in the establishment of a dialogue for the

accomplishments of the goals proposed in the planning strategy. This was the exposition made at the XI Plenary Meeting of the Inter-American Council of Commerce and Production (CICYP) celebrated in Mexico in 1966. In that meeting, according to Dr. Pedro R. Tinoco:

"The thesis of the 'Democratic Planning,' as an institutionalized system of dialogue between the public and the private sectors, is becoming a reality in the country and both sectors have proclaimed it as a national position in important international affairs ... The Venezuelan entrepreneurs formulated the convenience of establishing practical forms of cooperation with the Governments of the respective countries in the recently celebrated XI Plenary Meeting of the Inter-American Council of Commerce and Production, to give the greatest impulse to the integral development of the same. The American [Latin American] entrepreneurs ... consider that the economic development and the integration of Latin America constitute a task that demands the permanent and harmonious collaboration of the Government and the private sector in each country."

Specifically, concerning planning in Venezuela, however, it was recognized by Tinoco himself—who headed the delegation—that this institutionalization had not completely materialized. In fact, to work out differences between the government and the private sector, it was expected that FEDECÁMARAS and CORDIPLAN would attend a conference in Venezuela, in November of 1966, on "Implementation of Planning," in order to make a joint declaration on practical formulas on concerted and indicative planning in the country. Tinoco elaborated in the following manner:

"We expect to give, thus, a demonstration about the belief we have arrived at, on the necessity of an understanding between the public"

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and the private sectors to achieve a greater use of the material and human resources of the country, in the most fertile possible effort of development. 35

The above statements on the intention of the private sector regarding joint action with the public sector, in the planning strategy for economic development in Venezuela, is in agreement with previous attempts and statements concerning the necessity for this type of action. But, it did not seem to recognize another reality concerning planning in that country: the fact that CORDIPLAN did not have a representative of the private business sector within its structure. Dr. Tinoco himself objected to this fact, which he adduced to a lack of a clear concept of what democratic planning should be. He portrayed this deficiency in the planning structure in the following manner:

In Venezuela the State plans the national development though still in an incomplete and imperfect way. The stage of elaboration within the planning of the national development is made, basically, through the Office of Coordination and Planning [CORDIPLAN] of the Presidency, created in 1958. The function of CORDIPLAN in the planning and coordination of the development, in the task of analysis, projections and formulations of general goals, are based on the legal statute that gave origin to it [to CORDIPLAN], complemented by consultation [between] the public sector and the [entrepreneurial] private [sector], in the annual preparation of the program budget. The fact that CORDIPLAN would not include within its structure a representative of the private entrepreneurial sector is a direct consequence of the lack of a clear concept of the national convenience of [having] a democratic planning. 36


36José Gerbasi, "La Planificación en Venezuela," El Nacional, June 26, 1966, p. D-6. On the importance of the participation of outside sectors in planning, not only in order to make it democratic, but also to secure the necessary quantitative and qualitative information needed for the formulation of plans. See Tinbergen, op. cit.
As will be remembered, though not voicing any intention of becoming a part of the structure of CORDIPLAN, the Federation adopted the position concerning the fact that for planning to be completely democratic, all sectors affected by this planning had to participate in the decisions for the elaboration of the plans. Now, Dr. Tinoco brought out the essential question concerning the fact that the nonrepresentation of the private sector within CORDIPLAN actually made planning a nondemocratic enterprise in Venezuela. Thus, any appeal to the Latin American business sector to cooperate in establishing a dialogue with the public sector, was being done within the context of that particular reality. The appeal was made with the idea of helping the governments provide the necessary framework for development to take place. On the other hand, it appears that such an appeal was made without harboring illusions that the sector would be incorporated into the planning structure.

FEDECAMÁRAS' Shift of Strategy to Suggest Emphasis on Regional Development

The year 1968 was to witness the ascension into power of a new regime in Venezuela--COPEI--that, though it had a different conception concerning the organization of society--with regard to private property, society must be organized "on a communitarian basis"--still had to resolve the problems with which both the Betancourt and Leoni's regimes were confronted. There was but one difference, however. Whereas both of these regimes had emphasized unemployment policy within the planning strategy, the new president, Dr. Rafael Caldera, was to emphasize this and, in addition, it was to magnify the
housing problem in Venezuela. The latter was the main issue in his platform, and capitalizing on it he was able to get elected in the 1968 elections.

The private sector, represented in FEDECÁMARAS, was to shift emphasis, that year, in its approach and strategy towards development; it was also to suggest a "new technique" in planning for regional development. A substantial shift, in the strategy of development, was suggested by the Federation, to the end of projecting economic growth toward the foreign markets, with the finality of creating a "non-petroleum economy." According to the President of FEDECÁMARAS for that year, Dr. Alfredo Lafee, the basic objectives of this strategy were:

... to create a competitive non-petroleum economy in Venezuela, so that the economic growth, besides continuing in the national field, would be projected toward the outside markets.

The awareness of FEDECÁMARAS concerning the importance of this question for the economic development of Venezuela, was later on elaborated by it in the following manner:

... [O]ur foreign commerce, so important for the economic development, is very tightly linked to the eventualities influencing the market of a product, on whose circumstances the internal economy of the country has very little influence.

This ... marked dependence, presents the Venezuelan economy with the desideratum of diversifying its productive sources to earn a higher level of internal autonomy, and its own capacity for growth. However, this orientation presents, at the same time, a problem of [an] insufficient internal market to undertake efficient rationally economical productions; what could only be resolved


with the expedient of fomenting production for the international market, with which the conditions to reach a rational use of the resources and more realistic circumstances for the economic progress, would be created.

... The promotion of new exports represents an indispensable tool for the broadening of the economic activity of a country on the way to development, because through them the country could increment its level of economic activity, due to the multiplying effects that it exerts in the formation of its income and demand, thus constituting an essential dynamic factor. Such promotion must represent one of the strategic outlets for our development, for through its execution it could be ensured the broadening of the industrial sector and the indirect and direct effects on employment that it needs to guarantee its growing population; it would be in a position to continue its industrial growth and [to] concretize the national substitution of imports, for it would achieve economies of scales, in those areas that require it; it would assimilate the advantages of specialization in other [sectors] and would take advantage of the idle industrial capacity; and lastly, it would diversify its receiving of sources of foreign exchange. 39

The government sector, represented by a panel of five ministers and the Director of CORDIPLAN, held a meeting the day after the above pronouncement by the President of FEDECÁMARAS, that was devoted especially to:

39 Federación Venezolana de Cámaras de Comercio y Producción, Aspectos Fundamentales de la Doctrina Económica, op. cit., pp. 27-28. The Federation has also pointed out the flaws in the foreign trade policy thus: "Many years ago the National Government created the Council of Foreign Commerce, with the participation of representatives of the public sector and the private sector, whose objectives were to advance the necessary studies and consultation, [and] to suggest to the National Executive the measures that were considered convenient in the field of foreign commerce. This organization has not been utilized as an effective working instrument for bringing expertise to the study and formation of the diverse affairs related to our foreign commerce's policy. This function is more important, if it is taken into consideration that the country needs to have a foreign commerce policy, sufficiently capable and informed about the real possibilities of the different markets, and equipped with the necessary instruments for penetration of the same. In the same manner, it imposes [the necessity] of modernizing our diplomatic and consular services, to the end of making out of these representations, functional factors of the commercial expansion," ibid., p. 28.
... define the change in the national economic policy, to the end of projecting the economic growth of the near future years, and certainly [that] of the decade of the 1980's, toward the foreign markets.\textsuperscript{40}

This also prompted the Director of CORDIPLAN to make it known there that a ... projection of growth towards the outside, was foreseen in the next Plan de la Nación.\textsuperscript{41}

Most of the preoccupation expressed by the private sector in suggesting the correction of the above policy was because, according to it,

... petroleum was losing competitive strength [and] in order to avoid a strangulation of the economic development it is necessary to 'build a non-petroleum economy.'\textsuperscript{42}

The following point stressed by FEDECÁMARAS,\textsuperscript{42} in 1968 suggested a change in the techniques of planning in order to give an impulse to the regional development required to pursue the previous policy. It was the belief of the Federation that:

\textsuperscript{40}El Nacional, May 26, 1968, p. D-6.

\textsuperscript{41}Ibid., p. D-6. However, COPEI did not elaborate a Plan de la Nación until 1970.

\textsuperscript{42}El Nacional, May 21, 1968, p. A-1, and May 22, 1968, p. A-1. To corroborate this problem, FEDECÁMARAS pointed out that "in proved reserves, Venezuela diminished its participation [in the world market], from 6.5\% in 1960 to 4\% in 1967, that in matter of production represented the 15.6\% in 1960 and in 1968 hardly represented the 9.4\%; [and] that for the year 1960 it exported 30.3\% of the world's petroleum exchange, while in 1968 it only exported 16.8\%, which indicates that it [Venezuela] has been diminishing, in an abrupt manner, its level of participation with respect to production and the world market," Ibid., p. 18. "This leads us to the conclusion that if we want to maintain a dynamic petroleum industry, capable of generating the required financial resources for our development, we will have to make a great investment and exploring effort to broaden our productive potential," Ibid., p. 19.
... the extreme decentralization ... has caused the emergence, in the process of economic and social development, of zones that have been very slow in developing, and regions that have remained totally marginated to the process.\textsuperscript{43}

Concerning the way regional development has been conducted, through the planning strategy, FEDECAMARAS has commented in the following way:

Focusing quantitatively on the national economic development, measured through global magnitudes [or aggregates] such as the production and the income, do not reveal the qualitative changes of such a process.

Equally, the economic policies tending to achieve the maximum economic growth, slight an important aspect [related to] the taking of advantage of the scarce resources: the one concerning its convenient distribution in the economic space ...

An internal vision of the national economic space reveals the existence of appreciable regional disparities. In the same there are situations of relative rapid development; of stagnation and of no incorporation into the economic life.

This way [of] focusing on the problem is conducive to the following questions: What should be the scope given to the focus on regional economic development?; To what degree is the recognition of the particular characteristics of the regions of the country compatible with the national development and welfare objectives?

The situation confronts us with the case of having to recognize that the state of development in which the country finds itself portrays the necessity of thinking about vigorizing the secondary development poles [regions of extreme economic attraction], and creating new ones, with the objective of propitiating an amplification of the economic space [having a level of growth originated in the systematic increase of the income per capita].

Insofar as the creation of new poles of development is concerned, we should start by saying that efforts in this regard are beginning to be made, [and] that are necessary to accelerate. The case of Guayana is the most important one.\textsuperscript{44}

The Federation then went on to suggest "a certain scheme that up to the present


\textsuperscript{44}Federación Venezolana de Cámaras y Asociaciones de Comercio y Producción, \textit{Aspectos Fundamentales de la Doctrina Económica}, op. cit., pp. 32-33.
time, has not been followed," dealing with,

(1) the concentration of public investments for infrastructures in the new development poles . . .; (2) the breaking down of the country's traditional center-periphery scheme [for development], through the strengthening of the marginal development poles [backward regions]; (3) the alleviation of population pressures on the more populated centers, favoring migration to other areas; and (4) the reduction of the rate of urbanization, favoring the location of the population in areas of productive agricultural activities in [the] peripheries. 45

The Federation, then, suggested the above "new technique" to be followed within the planning strategy,

. . . so that the new regions could be totally incorporated to the economic development in a balanced way. 46

Efforts to Support Regime

At the assembly in Valencia, in 1968, the position of the entrepreneurial sector in FEDECÁMARAS vis-a-vis the planning strategy for economic development, was underscored once more. It

. . . supported an economic order that would provide the maximum incentives to the multitude of men that participate, effectively and potentially, in the national economic process, to insure thus the maximum intensification of their cooperation and effort. 47

On the other hand, partly because of the precariousness of the petroleum question, and the necessity to orient the economy toward foreign markets, there was underscored also the necessity for the "institutionalization of the

45Ibid., p. 35.


democratic dialogue" between the private and the public sector. To this effect, it was declared in the assembly:

It is the desire of all the Venezuelan entrepreneurs . . . that whatever the result of the electoral debate may be, this regime of consultation be perfected by the future Constitutional Government . . . 48

Of course, it could be inferred from these comments that the Federation was also looking forward to establishing good relationships with the new regime. To concretize its intentions the institution made a very strong pronouncement, at the closing of the assembly, when it approved an agreement to oppose the restrictions in the petroleum market imposed by the United States on Venezuela. This agreement was to be handed over to the United States' Ambassador to Venezuela. In that manner FEDECÁMARAS intended to support the appeal of the Venezuelan government in that respect—efforts which were to become very evident with the visit that Dr. Rafael Caldera, the President of the country, made to Washington in 1970, to confer with President Richard Nixon, concerning the petroleum question and other matters. The agreement of FEDECÁMARAS was phrased in the following terms:

Considering that periodically there occur in the United States opinion movements that tend to strengthen and [to] broaden its restrictions' policy, through measures of a legislative character; [c]onsidering that FEDECAMARAS acts within the most strict fulfillment of its principles and philosophy that professes support of private enterprise, in addition to being in support of the sad necessity of promoting, by all possible means, the continental development, agrees: (1) to reiterate the unanimous feelings of the Venezuelan entrepreneurial sector, against those who affect our main export's product, and (2) to support, solidly, the Venezuelan State in all those tasks

48 Ibid., p. B-12.
destined to obtain from the Government of the United States the just treatment that our petroleum deserves.49

In the previous declaration it is revealed a willingness to throw the weight of the organization behind the efforts of the Venezuelan government to secure better quotas for the country's petroleum, that would benefit, instead of slower down, the development of the country during the years of the decade of the 1970's.

Conclusion

The weight of FEDECÁMARAS as an institution and as an associational group becomes more clear in the light of the understanding reached between the government and the organization concerning the clarification of the position of both the public and the private sectors, on the planning strategy. Despite the intransigence of some sectors of FEDECÁMARAS concerning the definition of planning—an intransigence that the organization was able to reconcile—planning was conceived as an action that could not be slighted or evaded. The qualification made by FEDECÁMARAS was that it was not to be slighted or evaded if it was done democratically. That is, if planning was to be effected with the participation of the diverse levels of decision-making within the private business sector and the society.

A definite position concerning participation in the planning strategy pressed the organization to modify its structure, and to arm itself with the necessary mechanism for the task. This modification took the form of

commissions, technical offices, and consultation departments. It was also to require the education of the entrepreneurs at different levels to meet the demands of planning. In addition, the business organization, in conformity with the postulates dealing with the "new social responsibility" of the entrepreneurs, is observed strengthening the "entrepreneurial conscience" in order to face up to that new responsibility.

FEDECÁMARAS is also observed eliciting a promise from President Raul Leoni for a majority participation of private sector's capital in the two major industries—chemicals and petrochemicals. This was a modification of the official government policy during the Betancourt administration, concerning the public sector's orientation in these important industries. In this sense, it could be safely concluded that President Leoni needed the participation of the private business sector for the achievement of developmental goals.

The above concessions, however, did not deter some sectors within FEDECÁMARAS from declaring a position of "constant permanent vigilance" against the designs of the State "to avoid converting" the private business sector into "an agent of the State." Such positions were taken by the Chamber of Retailers and the Chamber of Construction, in connection with the desire of the State to pass legislation to regulate prices in the agricultural sector. FEDECÁMARAS, however, threw its whole weight behind these sectors, because the organization considered that if legislation was passed to regulate prices, it was going to be difficult to determine whether increases were artificial or not. Also, because FEDECÁMARAS considered that the government's
administration had the necessary mechanisms to regulate prices, and therefore it had no need to press for the passing of legislation to the effect.

In 1966 one witnesses the observation of a "hard-line" policy on the part of FEDECÁMARAS, toward the State, concerning the Petroleum Policy. The business organization was pressing the State to conduct a "national dialogue" on this policy in order to "examine and re-evaluate the instruments" utilized for its development and promotion. It was not until a "patriotic appeal" was made by the Minister of Fomento that the organization softened its demands.

On the other hand, the State did welcome the suggestions of FEDECÁMARAS on Regional and Export Policies. Concerning the Regional Policy, FEDECÁMARAS is observed suggesting to the government and CORDIPLAN a strengthening of the underdeveloped poles of the nation—to effect a departure from the traditional center-periphery type of development, in order to conduct a more balanced development in the different regions of the country. Along these same lines, a strong suggestion was made by FEDECÁMARAS for the promotion of an export policy oriented toward foreign markets in order to broaden the economic activity of the country, and to depart from the dependence on a one-product economy. The government, represented by five ministers and the Director of CORDIPLAN, held a meeting with FEDECÁMARAS to define the changes in the national economic policy to the end of projecting its growth toward foreign markets during the 1980's and in the near future. That project was included in the Planes de la Nación.

The institutionalization of FEDECÁMARAS is also illustrated by its
appeal to other Latin American entrepreneurs to join forces with their respective governments to promote the development of their countries. To this effect, the business organization's appeal is for those entrepreneurs to "institutionalize the dialogue" between the private and the public sectors—an appeal advanced by FEDECÁMARAS in the thesis on "Democratic Planning." This, despite the fact that, as Dr. Pedro R. Tinoco indicated, in Venezuela the institutionalization of the dialogue had not been completed. CORDIPLAN did not have representation from FEDECÁMARAS (or the entrepreneurial business sector) within its structure. This lack of representation of the business sector within CORDIPLAN, was adduced to a lack of a clear concept of what democratic planning should be.

Finally, FEDECÁMARAS is observed throwing its support behind the new regime of President Rafael Caldera, in the regime's efforts to secure better quotas for the petroleum sector of the country in the foreign markets—especially the United States' market.
CHAPTER X

ACCENTUATION OF SOCIAL CONTENT
OF ENTREPRENEURIAL DOCTRINE

Introduction

The previous chapter portrays FEDECAMARAS taking a definite position on planning vis-a-vis the State. The organization is also observed eliciting concessions in the planning strategy from President Leoni's government. That is, President Leoni was observed granting national and international private capital a majority participation in chemical and petrochemical projects and in the metallurgical industries. This was a modification of the official government policy during the Betancourt administration concerning the public sector's orientation in these important industries. The Federation was also observed modifying its structure and preparing the entrepreneurs to undertake the planning task. In addition, FEDECAMARAS is observed appealing to other entrepreneurs in Latin America to "institutionalize the dialogue" for the participation in their respective governments' development strategies through planning. This appeal is made despite the fact that it does not participate in the formulation of the plans within the planning structure in Venezuela.

In this chapter FEDECAMARAS is observed pointing to the fragmentation of political forces in Venezuela, and to the fact that this fragmentation
makes difficult the solution of the national problems. In this regard it tries to arbitrate between the political sectors calling for unity of forces in the development effort. At the same time FEDECÁMARAS is observed striving to present a united front; a demonstration of structural solidarity, to those political sectors and to the nation. It tries to present an image of unity that will champion the well-being of the Venezuelan collectivity above all other priorities.

In accordance with the above image, then, the business organization begins to intensify a campaign of diffusion and promotion of its events, and tries to accentuate the "social content of the entrepreneurial doctrine." Thus, among its main concerns for the decade of the 1970's is to be the promotion and projection of the "true image of the organization and of the entrepreneurs before the nation." Another task was to be the pointing out of areas of difficulties in the planning strategy and in the plans, as areas conflicting with demands of the nation in various sectors.

An analysis is made in this chapter of the political turn taken by FEDECÁMARAS, which is the result of its distrust of past regimes' capacities to perform in the economy and in the social context in general. It appears that the Federation was to continue orienting the nation as an opinion or pressure group. This chapter also portrays that President Caldera's regime, though recognizing the "value of FEDECÁMARAS in the national life" also becomes concerned with the organization's effectiveness in influencing public opinion through its analysis of the social, economic, and political problematic. In this regard, the Federation is observed cooperating with other institutes of
social research in the evaluation of the economic and social goals of the planning structure and their possible impact in the society. Finally, as a result of the goals being pursued by the government through planning, FEDECAMARAS is observed integrating into its own structure a Comisión de Educación y Cultura, intended to sensitize the entrepreneurs to the importance of education in developing the human resources for adaptation to development. It should be remembered that one of the main preoccupations of FEDECAMARAS was with the fact that "man should be made the object of the development strategy," a factor on which both the organization and COPEI agree.

During the first fourteen months of the Caldera's regime, no Plan de la Nación was formulated, and the IV Plan de la Nación 1970-1974 was not elaborated until the year 1970. The main reason for this was that the regime, from the outset, had been plagued by the fragmentation reflected in the political, social, and syndical aspects of Venezuelan life. This was to become a preoccupation of the Federation, at the end of the decade of the 1960's and the beginning of the 1970's. In the 1970's assembly, when the official government's representatives and the institution came to discuss the problems affecting the national life, FEDECAMARAS underscored the inconveniences of such fragmentation, in a central document, when it affirmed that,

... the progressive fragmentation of the political expression of the national conglomerate, as [a] consequence of the struggle [among] the parties, makes difficult the formulation of the necessary measures to resolve the general problematic in its diverse aspects. The lack of total unity, if it is not handled with efficiency and good faith could have adverse results in the conduct of all national efforts; for [that reason], it is the general aspiration
that there be effected the unification of ideals and practices around, at least, higher meaningful themes. ¹

At this time of great political fragmentation in the country, FEDECÁMARAS is observed presenting a united front before the nation, in contrast with the situation that characterized Venezuelan life in the aforementioned aspects. This demonstration of structural solidarity and unity was to have its effects, as will be seen later on, especially in the attitude observed by Caldera's government toward the organization, from that time on.

Thus, for the 1970 annual convention FEDECÁMARAS was to become engaged in a more intense campaign of diffusion and promotion of the forthcoming event. In that campaign, as well as later on in the convention, there was observed, according to a source,

... a tendency to accentuate the 'social content of the entrepreneurial doctrine.' ¹ [There was, as a result of the televised expositions of the President of the Federation Dr. Oscar Gurruceaga, and of the Vice-Presidents Freddy Muller and Blas Russo Cisneros, and the Treasurer Antonio José Díaz Martínez], great expectation on the part of the public ... . [This was] one of the most effective promotions made by the Press Department of the organization. ²

In this assembly, and for the decade of the 1970's, emphasis was given to four major areas that were of concern to the institution, to wit: the fiscal situation and the public expenditures; the situation of the agricultural sector, and its treatment within the Plan de la Nación; the industrial policy of

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integration and export; and, what the institution considered of extreme importance: the projection of the "true image of the organization before the Nation." In addition to these four points the Federation was to point out some other areas in which difficulties may be encountered in the future in the planning strategy.

According to FEDECÁMARAS, the possibility of future development, and the fulfillment of the goals that were projected in the IV Plan de Desarrollo Económico y Social de la Nación, were to be subject to the evolution of the fiscal Venezuelan situation, and to the soundness of the investments of the public expenditures. FEDECÁMARAS states its view on this issue in the following manner:

The country has the resources at its disposal to undertake a consistent task of development, but it is imperative that a readjustment and ordering of the public expenditures be made, in order to accommodate it to the true income possibilities that could reasonably be expected in the future, which means the avoidance of deficit expenditures and a disproportionate increase of the level of the public debt.

If the tendency to increase the rate of current [bureaucratic] expenditures, and even . . . the capital expenditures, is maintained, . . . and if the relative weight of the income from petroleum is diminished in a considerable way, it is possible that an inflationary period may be generated . . . . The present level of expenditures is so high that any increase in the same situates it in that proportion of the national income that, according to historical experience, inevitably leads to inflación . . . .

3Ibid., p. D-6.

The Federation has also taken a position concerning the planning of the investments of the State, which, according to it, should be done in an "integral" manner with the State consulting the sectors affected by them. To this effect, FEDECAMARAS has addressed itself, the government, and the nation in the following manner:

To the end of . . . planning adequately the investment of the State, it is indispensable to accomplish first a classification of our necessities in order of importance . . . and in such a way that it may render the greatest results for the collectivity.

The planning of the investments of the State should be [an] integral [planning], to the end of ensuring an adequate coordination of its implementation in the diverse sectors of the public administration.

In the same manner, the State must rely on the consultation of the interested, duly qualified sectors, for no decision so transcendental for the country could be made exclusively by a group of technicians of the public administration. Rather, in it, all the basic sectors of the Nation must participate. The results of this planning must be thoroughly known by the social conglomerate, so that the latter may have a clear consciousness of all the fields where the State is going to act . . . .

The institution's second area of concern during the 1970 assembly was the situation of the agricultural sector. The analysis made by the institution was to demonstrate the "unsatisfactory results" of the Agrarian Reform and "the scarcity or insufficiency of investments in the countryside." As regards this issue FEDECAMARAS took the same position that has already been portrayed above, and, at this time, it added its continued concern for the

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5Federación Venezolana de Camaras y Asociaciones de Comercio y Producción, Aspectos Fundamentales de la Doctrina Económica, op. cit., p. 16.
7See Chapter VIII, footnotes 58 and 59, above.
situation, concluding thus:

The situation of the agriculture and cattle industries is very serious, and we estimate that the treatment given to them within the Plan [de la Nación], not only does not solve the existing problems, neither would it permit the sectors to take care of the food requirements of the population in the years 1980, 1990, and 2,000.8

The third important area considered by FEDECÁMARAS during the 1970 assembly was that concerned with the industrial policy of integration and exports. Criticisms in this area were made "on the first steps taken by the Government for making an adjustment of the industrial policy."9 Actually the policy remained essentially the same, and most of the criticism, aside from the one advanced previously,10 was made in connection with what the Federation considered as "the lack of initiative [on the part of the government] on starting a program of study and promotion as Mexico is doing" with the idea of "working to seek larger markets than the simple national ones," thus "allowing many traditional goods to have access to the international market."11

The fourth area considered by FEDECÁMARAS in its 1970 assembly, and what it considered the most important aspect of the meeting, was the desire and design, on the part of the Federation, to project "the true image of the organization, and of the Venezuelan entrepreneurial class, before the

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10See Chapter IX, footnotes 38 and 39, above.
The image that the organization has of itself has been portrayed by a source outside the organization in the following manner:

... [T]hey [the people within FEDECÁMARAS] see themselves as the entrepreneurs with the greatest social sensibility in Latin America, with a high nationalistic and democratic content, and with doctrinaire theses that could be attested to by qualified men in the political area as 'progressive' and inclusive as 'revolutionaries,' within the present stage of economic development of our country. Because of that, they try [in their view] to propitiate better conditions of income, health, education, comfort, security, and peace, for all Venezuelans, and especially for the labor's contingents. They frown upon being labeled with pejorative epithets and for the promotion of hate toward their functions and actions. Because of that, the substratum of the event [the assembly] will be inspired by that will to bring forth the true entrepreneurial thought not only to the Government, in matters of recommendations and petitions, but, above all, to the Venezuelan population. To the other Venezuela, the unprotected one, about which Dr. Oscar Guruceaga spoke about, in his speech, after being elected, last year, [President of FEDECÁMARAS], and on which ['the other Venezuela'] he will insist with vigor, in his inaugural works [of the Assembly].

This was then the image that the Venezuelan entrepreneur, represented in FEDECÁMARAS, was, and is still, trying to project in Venezuela (and in Latin America), before the government, but especially before the public opinion of that country, at the beginning of the 1970's. Thus, in the 1970's assembly, the organization raised some serious questions concerning the workings of the Venezuelan State. Specifically, on the way it had conducted the development process through the planning strategy. To that effect, the Federation was to try to devise a development's scheme for the decade of the 70's. This meant that the scheme of the Plan de la Nación was to be

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seriously questioned "with a view for the Assembly to establish the bases for a new scheme of planning, with more defined strategies."\(^\text{14}\)

Among other questions raised by FEDECÁMARAS, and that directly affected the planning strategy, two important ones seemed to have worried the institution, and were made the subject of analysis: one related to the internal savings and exodus of capital, which it considered a serious matter; the other to the "disarray of the political forces within the country.\(^\text{15}\) According to the institution—corroborated with data from the Central Bank of Venezuela—,

\[\ldots\] during the last twenty years more than 7 million dollars have left the country. 'That is, between the years 1950 and 1969 there was an exodus of capital in the amount of 7,205,000 dollars,' and it advises the country about the necessity of utilizing better its internal savings in the decade of the '70's, 'due to the fact that, as other nations in the process of development, it cannot continue counting with a significant flow of foreign investment.\(^\text{16}\)

Concerning the other serious question related to the future development—the disarray of the political forces—, according to the Federation,

\[\ldots\] of not arriving at an institutional understanding between the great political currents, it could be produced a grave unadjustment in the democratic system of the Nation.\(^\text{17}\)

All the above factors served to create a climate of anxiety among the members of FEDECÁMARAS. This situation moved President Rafael Caldera, in his inaugural speech of the convention, to make an insistent call to the


\(^{\text{15}}\text{El Nacional, May 19, 1970, p. D-3.}\)

\(^{\text{16}}\text{Ibid., p. D-3.}\)

\(^{\text{17}}\text{El Nacional, May 24, 1970, p. 1.}\)
entrepreneurial leadership to be "optimistic," and to point out the criteria with which his administration was elaborating the Plan de la Nación 1970–1974. Caldera put his call in the following manner:

... [T]he State has the duty of examining all the planks, and to gather all arguments, of harmonizing all the points of view, to listen to the entrepreneur, to the worker, the intellectual, and the laborer ...; to harmonize the interests and [orient] them through the idea of the common good .... With this criteria the Government is elaborating the Plan de la Nación. The State considers [it] its duty to discuss ... and clarify its points of view with all the sectors, especially with sectors such as this ... that means so much in the national life.

The Federation, however, did not appear to have too much reason to be optimistic, especially since, in elaborating a central document in collaboration with the Center for Studies of the Future (UCAB), it reached conclusions that were unrelated to the goals of the IV Plan de Desarrollo Económico y Social de la Nación—1970–1974. The Plan, as outlined by Dr. Luis Enrique Oberto, Director of CORDIPLAN at this time, and as explained to FEDECAMARAS, contemplates the following goals:

First: more production, estimating a 6.6 per cent inter-annual growth; Second, more exports, [estimating] an increment of 4.2 per cent inter-annual [growth]; the Plan contemplates an increase of 2.6 per cent in petroleum [production]; in iron [an increase] of 10.7 per cent; and [in] other exports of about 23 per cent. In addition, an effort [is to be made] for exporting non-traditional

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19Speech of President Rafael Caldera at the inauguration of the XXVI Assembly of FEDECÁMARAS, quoted in El Nacional, ibid., p. D-1.

beginning in preparing the population for the developmental task.\textsuperscript{22} It also insisted on the rationale that development should be a task that everybody in the population should be sharing in.\textsuperscript{23} However, there is a difference in the emphasis of this participation, when the same is focused on from the two positions--that of the government through CORDIPLAN, and that of FEDECÁMARAS. As will be remembered, the Federation's conception of a "democratic planning" was to bring the people in decision-making levels throughout the country to participate in the decisions for the elaboration of the Plan de la Nación. The emphasis or approach of COPEI, through CORDIPLAN, is on a participation in the Plans through employment opportunities and a distribution of the income. The closest this rationale comes to the Federation's idea is when it talks about "harmoniz[ing] the interests and orient[ing] them through the idea of the common good."\textsuperscript{24}

Another point of difference, that can be deducted from the above declaration by the Director of CORDIPLAN, is that there seems to be a new dimension added to the discussions concerning the planning strategy. That is,

\begin{itemize}
\item \textsuperscript{22}The Federation insisted, since 1961, on the fact that the development process, as conceived through planning, was to be an impossible task, if the people were not prepared in the techniques, and with the skills, necessary for the development effort. This is why, in order to help alleviate the unemployment problem, it had decided in its XVII Annual Assembly, in 1961, to support the task performed by INCE, concerning the provision of the necessary training to the people so that these could be integrated to the process.
\item \textsuperscript{23}It has been made a permanent position in the doctrine of the institution. See Federación Venezolana de Cámaras y Asociaciones de Comercio y Producción, Aspectos Fundamentales de la Doctrina Económica, op. cit., p. 11.
\item \textsuperscript{24}See footnote 19, above.
\end{itemize}
[goods]; Third, more employment. The Plan will originate an employment offer estimated in 117,000 [positions] per year, and a total, at the conclusion of the Plan, of 588,000 new positions; Fourth, more external autonomy will permit the country to avail itself of more economic stability, less dependency on exogenous variables, and a continuous and self-sustained process of development; Fifth, the promotion of the [participation] of the people in the development [process]. The development could not be achieved without a more active, conscious, and militant participation of the object of the same—man. It is necessary to conduct a social and cultural action parallel to the economic action, to achieve new socio-political structures that would be a reflection of higher conditions of life. The promotion [for the participation] of the people will be attained in the Plan with a greater economic participation through employment and a distribution of income. The greater political participation will be achieved through the participation in the decisions, based on the popular promotion, and through the execution of the labor policy.

The industrial [sector] will continue to be the factor of great dynamic force. This sector will define, to a great extent, the outward growth that the Venezuelan economy will have, in the decade of the 1970's.21

The above statements by the Director of CORDIPLAN concerning the "active, conscious" participation of man in development are to a certain extent in agreement with, and seem to follow, most of the statements made by FEDECÁMARA. These statements concerning the participation of the people in the decisions of the planning strategy, as well as in the implementation of such decisions, were made since the introduction of discussions on democratic planning as these related to the Plan de la Nación, earlier, in 1964. And, though the statement "that the object of development should be man himself" is being advanced by the Director of CORDIPLAN, as a representative of COPEI, and made an objective within the IV Plan de la Nación, FEDECÁMARA insist right from the

greater political participation will be achieved through participation in the decisions, but that this political participation will be dependent, or will come about, upon the offering of greater economic opportunities—employment, and, again, a distribution of income. FEDECÁMARAS, on the other hand, is in favor of preparing the population (developing entrepreneurs) for the developmental task, and also with the idea of steering the efforts, especially of the young population, away from politics, wanting this to concentrate in the development of new enterprises.

In any event, FEDECÁMARAS, as mentioned above, with the cooperation of the Center for Studies of the Future, in order to project the possibilities and obstacles that could be encountered within the planning strategy, when formulating the plans for the next decades, drew up an important document to help provide guidance in such a task.²⁵ In it, the Federation calls attention to requirements for the formulation of such plans in the future and, in particular, to the population's characteristics as they are related to the process of development in Venezuela. This document states, in essence, the following:

It is deducted that it will be counted with a young population—in 1970, the population 0–14 years of age will be 47.2 [per cent]; in 1980, 43 per cent—a great portion with limited education; with employment and sub-employment problems, and concentrated in high proportions in urban centers . . . . The social and economic plans for promoting growth will encounter in them some advantages and the difficulty of overwhelming tasks [that makes it necessary] to begin, from now, to mold the human resources that,

²⁵ The document is considered to be one of the most important ones drawn, and approved, in the history of the institution. See El Nacional, May 24, 1970, p. D-6.
taking better advantages of the situation and taking into consideration the existing limitations, would take the country to the development most desired by all, and in the most rapid manner.  

The goals in the plans will also encounter some obstacles in their implementation, and in their being achieved, because of the tremendous growth of the population that, according to the Federation, has been equal to the total production of goods and services, during the last years of the 1960's. Table 9 shows the total projection of production of goods and services (GDP) for Venezuela, during the 1965-1968 period, and that achieved at the end of the period. It also shows the relation of the projection and achievement in this area, of Venezuela with other countries with published plans, and that Venezuela shows one of the lowest rates of increase for the period. FEDECÁMARA'S concern with the situation was described in the following terms:

The Gross Domestic Product in 1969-70 increased, hardly, 3.87 per cent in relation to that of 1968—which compared with the annual demographic growth [3.67 per cent], indicates that the [economic] growth was hardly 0.2 per cent. That of 1968 was 5.8 per cent.

The Product Per Capita, that revealed an increment of 21 per cent in 1968 over 1967, decreased also for the same reasons. The total production of goods and services during the quoted years, has been equal to the growth of population—for that matter there exists a stagnation in the productive process, if it is compared with the rate of growth of the economy during the decade of the 1950's and part of the present. The opportunity to offer better living levels to the population is thus limited.  

\[26\] Ibid., p. D-6, and Federación de Cámaras de Comercio y Producción, Carta de Maracay, XXVI Asamblea de FEDECAMARAS.  

## Table 9

Latin American Countries: Yearly Rates of Economic Growth, Planned and Achieved, Period Ending 1968

<table>
<thead>
<tr>
<th>Country</th>
<th>Planned</th>
<th>Actual</th>
<th>Country</th>
<th>Planned</th>
<th>Actual</th>
<th>Country</th>
<th>Planned</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panama</td>
<td>5.5</td>
<td>7.3</td>
<td>Costa Rica</td>
<td>6.2</td>
<td>9.1</td>
<td>Peru</td>
<td>6.0</td>
<td>3.4</td>
</tr>
<tr>
<td>Bolivia</td>
<td>7.0</td>
<td>6.0</td>
<td>Honduras</td>
<td>6.6</td>
<td>6.0</td>
<td>Chile</td>
<td>5.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Colombia</td>
<td>5.6</td>
<td>4.9</td>
<td>Guatemala</td>
<td>5.9</td>
<td>5.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equador</td>
<td>6.2</td>
<td>4.5</td>
<td>El Salvador</td>
<td>6.5</td>
<td>4.7</td>
<td></td>
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</tr>
<tr>
<td>Paraguay</td>
<td>5.2</td>
<td>4.4</td>
<td>Nicaragua</td>
<td>7.0</td>
<td>4.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venezuela</td>
<td>7.0</td>
<td>4.0</td>
<td>Argentina</td>
<td>5.9</td>
<td>2.4</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Uruguay</td>
<td>4.8</td>
<td>-0.8</td>
<td></td>
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</tbody>
</table>


*aThe countries are those with published plans containing explicit or implicit objectives for total production; they are listed in each category in descending order of actual rate of increase in Gross Domestic Product at market prices achieved in the indicated period.*
Despite the above disquieting reports concerning some prospects for the planning strategy, that came on top of the alarming political situation affecting the country, FEDECÁMARAS threw its enormous support behind the democratic regime of Rafael Caldera, at a time when the regime was going through difficult moments. This was a time when it became necessary for the High Command of the Armed Forces to come to Miraflores, to confer with the President about the situation in the country, this incident causing a tremendous amount of uncertainty and anxiety. On giving its support to the regime, the Federation declared:

Considering that one of the postulates of FEDECÁMARAS has always been its absolute support to the effective prevailing of the Democratic System and the Regime of Law; considering that under that system is how the activities of the free enterprise could be better Venezolínized; considering that the strengthening of the Democratic [System] is an indispensable base for the preservation of the dignity, [it] agrees: [to give] its most broadest support to the continuity of the Democratic System, and its absolute support to the powers [that] emerged by free popular consultation. 28

On the other hand, FEDECÁMARAS also requested "a broad national understanding" between the political parties, in the decade of the '70's,

... in order to prevent grave distortions that are to limit, seriously, the economic and social development process. 29

According to the institution, among the signs of the distortion are:

... those that directly and psychologically [have] influence on the economic process, affecting the confidence and the propensity

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to invest [which is also affected by] the fragmentation of the political forces.\textsuperscript{30}

To that effect, the Federation proceeded to suggest that:

The existence of a higher level of understanding between the different currents and sectors integrating the Nation results indispensable . . . for producing a harmonious and balanced development of the country, and that at the same time could be translated into the maintenance of the political stability, [and] as [an] indispensable factor for all types of action.\textsuperscript{31}

It is in the light of the above—the fragmentation and chaos in the political process—that the desire to suggest or bring some order to such a process so that the economic development of the country would not be interrupted, and could be smoothly continued, that FEDECÁMARAS' own desire to present a "united front" before the people, should be seen. This preoccupation led to a major development within the private sector, corroborating the previous statement concerning the group—despite itself, or perhaps because of the overwhelming forces exerting pressure on it—becoming more involved in the political climate of the country. In any event, it led to the selection of the first aspirant for the presidency of Venezuela, in the 1974 elections, originating in the private business sector within FEDECÁMARAS. The postulation of the candidate from the entrepreneurial sector was started by a committee within the institution which finally decided on the person of Carlos Guillermo Rangel. Concerning the selection of this candidate from the private sector, it was announced by the institution that:

\begin{quote}
A Committee in favor of the candidacy [for President] of
\end{quote}

\textsuperscript{30}Ibid., p. A-1. \textsuperscript{31}Ibid., p. A-1.
Rangel has been constituted, that, in its first stage, will mobilize [all] the sectors of the private economy. An official announcement will be made within a few weeks. Doctor Rangel is a [member of the] directive of the Insurance Industry and has been Vice-President of FEDECÁMARAS and President of the Federation's Foundation. He is considered [to be] an entrepreneurial leader within the new tendencies—as a technician and for the role that he has played in the managerial movement of the country.32

This first step, on the part of FEDECÁMARAS, in selecting a presidential candidate for the 1974 elections in Venezuela, was in line with the Federation's preoccupation with the political instability of the country, as well as with the distrust that most members of the entrepreneurial sector had observed toward the governmental regimes during the past few years. This distrust has been revealed throughout this research, as well as corroborated by the data that will be portrayed next, abstracted from VENELITE. Suffice it to say here, then, that a major shift, in addition to the ones indicated before, was to take place in FEDECÁMARAS, in the 1970's.

32"Primera Candidatura Presidencial Que Se Origina en el Sector Económico," El Nacional, May 20, 1970, p. A-1. However, this was not the first time an outstanding member of the entrepreneurial sector was considered for nomination as a presidential candidate. In 1968, four parties—the URD, FDP, MNI, and FDN—were trying to form the "Frente Electoral" (Electoral Front) and among the candidates considered, as a potential presidential nominee, was Emilio Conde Jahn, a past president of FEDECÁMARAS, and one of the most powerful voices in the entrepreneurial sector in Venezuela. Two of the parties—the Fuerza Democrática Popular (FDP) and the URD, were in favor of Conde Jahn, but the other parties did not accept him. Instead, they favored Miguel Ángel Burelli-Rivas, a Venezuelan Ambassador. The Frente Electoral was finally dissolved, since they were unable to decide unanimously on a candidate. See El Nacional, May 23, 1968, p. A-1, and ibid., May 22, 1968, p. A-1. What is unique in the case of Carlos Guillermo Rangel is that his candidacy originated in the midst of FEDECÁMARAS, whereas that of Conde Jahn did not. It was confided to the author in Caracas that Rangel is considered to be a powerful contender.
When the previous comments are corroborated with the aggregate views with the representatives of the private sector, in the VENELITE study, it could be seen that, on the surface, this sector seems to have come to accept government intervention in the direction of the economy, through planning, as something inevitable. However, the private sector has observed a rather cautious and calculating adaptation to the process. This is not to say, however, as it is assumed in VENELITE, that this sector has refrained from ideologically, or doctrinaire grounded or elaborated criticism or attacks, as used to be the case during the middle of the 1960's. This is especially the case at the end of the same decade, as has been observed, when considering factors that may affect the planning strategy in decades ahead, and at the same time offering suggestions that may improve this strategy. Thus, assaults on planning may not be as venomous as they used to be, but they still strive to present the planners, and the government, as seen above, with what they consider to be the truth, and the facts, of the situation in Venezuela. In so doing, they have taken extreme precautionary measures to position themselves, strategically, vis-a-vis the government, as has been illustrated by the Federation's involvement in the resolution of important social and political issues. Nevertheless, concerning the private sector's acceptance of the direction of the economy, through planning, the following comments by a member of the private sector attest to the efforts of the government in this area:

I believe at one time that through pressures in the Federation of Chambers of Commerce, conversations with Ministers, politicians, articles in the press, this could be modified. Unfortunately,
in the last two or three years [approximately 1967], I have seen that this is a process we have been unable to arrest and I rather think it will increase . . . . I believe the private sector will have to adapt to ever-increasing intervention of government.  

Evidence that the private sector has adopted a cautious, mature, and calculated attitude toward the process, and warns about getting into any utopian schemes, is provided by the response of another businessman:

I personally believe that Venezuela is in an enviable position because industry here, private industry in the first instance, has demonstrated a certain degree of maturity in confronting this kind of problem intelligently and not in an emotional but in a patient and calculating way. At the same time the size of private industry here is of such a magnitude . . . and the internal market is so small, that to think that Venezuela could, in a short term or even in the long-run, totally substitute the present form of oil exploitation in a radical way, such as nationalization, is such an utopian idea that it cannot be accommodated in any thoughtful human mind.  

On the other hand, there seems to be a concern, on the part of the politicians, as to whether or not they have come to be accepted by the private business community, and, in some cases, there is a demonstrable optimism, on the part of the first, toward the solution of the problems through consultation. This feeling was expressed by politicians interviewed in the following Manner:

I think that now there is a certain acceptance of our work by the economic forces and even [by] the political ones. We achieved this through the mechanisms of consultation and discussions with private sectors that exist in agriculture and industry, thus creating this climate . . . .

33VENELITE, Interview 057167, p. 29.

34Ibid., Interview 323281, Part B, pp. 33-34.

35Ibid., Interview 030087.
But, again, this optimism had to be expressed with some qualifications. When considering some remarks made by some young executives, the position adopted before, during the two previous regimes, and today before COPEI, plus the fact that there are ripples within the business community represented in FEDECÁMARAS in the direction of becoming politically involved, such optimism should be expressed with a certain degree of concern. These remarks by the young executives were expressed in the following manner:

We have to be very realistic; we see that the conquest of power through the electoral system will be very difficult. Instead of dedicating our activities to lyrical efforts that won't have any concrete results, we prefer to dedicate them to trying to influence those who have all the advantages and the elements to conquer power, presenting ourselves before them not as rivals but as collaborators and severe critics.

In the actual moments that we cannot conquer power directly, we have tried to orient it the best way possible, as an opinion and pressure force. Simultaneously, we are creating the political machinery that, in the long-run, will permit us to conquer power. 36

The position of caution before COPEI, alluded to above, was taken because this party in many occasions expressed the conviction that the Venezuelan economy should be placed at the service of man, and as indicated above, 37 the two institutions have different approaches as to how this should be done. The position of the politicians has been put in the following terms:

There is . . . economic fear among the most representative capitalist groups because they have the clear conviction that when we speak of a service economy, or [of] an economy at the service of man, we do not make such pronouncements demagogically or to

36 Ibid., Interview 070212.

37 See, for instance, the argument on pp. 318-21, above.
please but in all sincerity. Therefore, many of them fear a triumph of COPEI more than any other victory, because they know that COPEI, without being possibly accused of Marxism or Communism, which are epithets that some reactionaries employ against social progress, COPEI could perfectly well achieve some basic structural change in the country. 38

However, the fact is that COPEI, in trying to go at it alone, following its maxim of not seeking alliances with any other party or parties, during its first years in power has been also confronted with problems, and, as shown above, during the first fourteen months of the regime had not given any indication of formulating a Plan de la Nación. In any event, to counteract such communal ideas—as making man the focus or the object of development—on the part of COPEI, the private sector, as represented in FEDECÁMARAS, has brought forth its growing affirmation of collective concern and social commitment. This "new attitude" finds primary expression through organizations such as the Dividendo Para la Comunidad, rather than through individual firms, and it constantly emphasizes the social contributions that are the side products of the activities of their companies. These lines of thinking are revealed through the interviews in the following terms:

One of the basic aims of every firm in the world is to make money, because if it doesn't make money it has no justification within our capitalist life. Now, we believe—from a spiritual point of view—that using the financial means available to us, we can help Venezuela

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38 VENELITE, Interview 029086, p. 74.

39 See p. 311, above.
grow industrially and in that way offer more welfare and more job capacity in the nation.  

Our satisfaction is that we are going to leave a good number of well-trained men in this country because there is no reason to wait for the Government to do everything or have the inclination [to act]. We have created a love for that [secondary and university training] in the bank.

Another example of the opinion of the private business sector, to the effect that they are playing a positive social role is expressed by the relationships and cordiality that the sector has observed toward labor and its leaders, and that have been observed in labor relations. Business leaders tend to exempt union chiefs, despite the links to the parties of almost all of them, from the distrust with which they approach politicians. In that respect, labor leaders seem to be highly praised by businessmen for their sense of responsibility and reasonableness—more so than will be the case with any other group. The private sector has expressed these feelings toward labor in the following terms:

In the oil industry I believe that industrial peace is based on the good worker-management relations that exist rather than on the political factor of [labor] leaders who want to maintain industrial peace to please the government.

I am convinced, for example, that groups like [the] CTV [Confederacion de Trabajadores Venezolana], that within CTV, there are sincere groups of good will who prefer a thousand times that

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40 VENELITE, Interview 057167, p. 19. See also the account on the "Dividendo Para la Comunidad," given above.

41 VENELITE, Interview 013045, p. 13.

42 Ibid., Interview 033091, p. 22.
their workers be employed in private industry than become a little like parasites in the government. As regards our own employees, you can be sure that we can count on them with our eyes shut.\footnote{Ibid., Interview 089109, Part C, p. 106. This trust and courtship of the CTV could be observed at the beginning of the 1970's.}

But, perhaps, the most important aspect of this attitude toward involvement in social and political action is related to other aims: the inculcation of a new social and political sensibility among the entrepreneurs, stemming from, or because of, the steady nationalization of the economy, and a threatened exclusion or imposition of further limits on foreign investment.\footnote{However, as has been shown, there are other aims. Insofar as the foreign investments in concerned, FEDECÁMARAS has been very much in favor of orienting these toward areas where it does not compete with the local capital. Also, toward areas, where it does not conflict with resources "basic for the security of the country," e.g., Siderurgic, Petrochemicals. See Aspectos Fundamentales de la Doctrina Económica, p. 10.} The most important factors in this drive are education and the dissemination of ideas among various sections of the population:

We cannot deny that the tendency in Latin America and in other countries is to want to nationalize foreign capital, which to me is a complete total imbecility . . . . Now that tendency can be reversed through education and the formation of man, bringing him to understand that, from a socio-economic point of view, it is much more interesting for the country to have some gentlemen who take all the risks and give us most of the profits than to have Venezuelans take all the risks and, probably through poor management, have lesser gains.\footnote{VENELITE, Interview 339240, pp. 107–108.}

In addition to this [publication of an economic journal], we have held seminars and countless lectures among groups in Venezuela and abroad, among students, workers, labor unions, professionals, sometimes on television. We publish articles in newspapers and,
in general, we carry on a daily struggle to disseminate these ideas . . . to demonstrate to the world that thought has advanced since Marx . . . In Venezuela we have been very successful. We have had the cooperation . . . of similar institutes in Latin America and throughout the world. At the present time, there are similar institutes in Argentina, Brazil, Colombia, Panamá, Costa Rica, Mexico, and one is being created in the Dominican Republic. There are two similar institutes in the United States and several in Europe.  

The basic rationale, however, for supporting or having some social programs, is with the idea of diverting most of the attention from politics, and channeling it in other directions, which seems to be the efforts in the educational field. That is, to wrestle the monopoly in this field from the hands of the State. This effort is expressed in the interviews thus:

I think . . . we should have a continuous program because it seems to me that helping certain cultural groups in the country contributes to the creation of a peaceful atmosphere by deflecting the attention of many people from politics to much more beautiful things.  

And, finally, above all these there is the thinking that the businessman should be a leader and not a passive individual; by not becoming a leader he may have not accomplished his task in the society. This line of reasoning was advanced in the interviews in the following way:

The natural leaders . . . in all localities, and especially in the small towns of the interior, should be the business people who for reasons A or B had some success in life and it is for some reason that they have been successful. And normally in the Venezuelan case it is not because they have had more education than others . . . but generally because they are competent persons—a competence they have developed in their own business . . . . If the businessman is content to make his modest profit, pay his taxes, 

46 Ibid., Interview 41036, pp. 66, 67.

47 Ibid., Interview 339240, p. 99.
travel, and have a nice home, we are not achieving what a businessman should be. That consciousness is what, I believe, FEDECAMÁRAS needs to stimulate most. 48

The above views were given about 1967. Now, at the beginning of the decade of the 1970's, there is observed a trend in the private sector, represented in FEDECÁMARAS, to try to position one of its own members in the presidency of Venezuela. At this time the institution is also viewed as trying to solidify its image before the country's public opinion, which is evidenced by the posture assumed at the 1970 assembly. At the convention it tried by all means to present a "united front" to both the government and the public, in the light of the chaotic social and political situation that the country was experiencing at the time. In addition, the organization's presentation of a study reflecting projections for the decade of the '70's—on which the government could capitalize—and its effectiveness throughout the 1960's, in analyzing the political, economic, and social situation in Venezuela, helped create a situation of concern among President Caldera's circles concerning the power of FEDECÁMARAS in influencing the course of public opinion in the country. The situation is, of course, denied by the Federation. However, it is latent. The following comments throw some light on this line of reasoning:

This demonstration of entrepreneurial solidarity, has given bases to certain desire to surround the event and the work of FEDECÁMARAS with a political content, and an electoral dimension, which, according to the most knowledgeable [entrepreneurial] leaders, is very far from their minds. FEDECÁMARAS is considered to be present as a power behind the throne, and a way is

48 Ibid., Interview 323281, p. 43.
sought to exhibit all official [government] policy as [being] a result of the pressures, interventions, and advice, of the maximum organism of the private activity. On the one hand it is propagated that FEDECÁMARAS governs or influences, preponderantly, the actions of the State. This type of comment worries the leaders of FEDECÁMARAS who, assure that FEDECÁMARAS has [tried], and [still] tries to preserve jealously the tradition of alienation to party politics, and to electoral politics. 49

However, in other quarters it is also being commented that this "demonstration of solidarity" and influence, have begun to bear fruits. For instance, continues the above comment:

The forum prepared by the Ministries of Production that should have been held on Monday, May 18 [1970] . . . was practically eliminated. President Caldera and his advisers eluded it, despite the fact that it did not have [any] other significance than [to] inform the Chambers and Associations of the Province about what he was thinking of doing about their recommendations for improving the elemental services, such as roads, hospitals, telephones, etc. They [the President and advisers] estimated that the meeting, foreseen a year ago, between the public and the private sectors, could be interpreted as if the government would be accounting to FEDECÁMARAS . . . . The Government offered, as an alternative, of course, the creation of a commission integrated by representatives of the Ministries to listen and inform to the associations of the interior [of the country], but the official inhibition was notorious. 50

This hypersensibility on the part of the President tends to confirm some of the views concerning the influence of FEDECÁMARAS. At least, the previous governments--that of Rómulo Betancourt and Raul Leoni--made it known that the consultation between the public and the private sectors was indispensable for any formulation of goals within the planning strategy, and that the opposite


would produce serious consequences, in implementation of the plans, and in the reaching of the goals as set up in the *Planes de la Nación*.

Nevertheless, whether because of fear of the influence of the private sector or not, according to the President of FEDECÁMARAS for the year 1970-71, Dr. Oscar Guruceaga, there still exist serious differences of opinion between the two sectors concerning the conduct of the economic policy, which, in turn, forces the Federation to try to build up its image, and consolidate its position, in some other ways. Thus, says Dr. Guruceaga:

>. . . [T]he truth is that there exist serious differences in the way of conducting the economic policy on the part of the government team, and the criteria that predominates in the private enterprise. And that the dialogue . . . does not consist simply in listening, but in discussing and contrasting criterias to make formulas of general benefit. The receptivity . . . is not a passive and contemplative act on other's opinions, but a search for consensus to arbitrate, through the contribution of the best ideas, the basic directives and the instruments of development. 51

In other words, the above declaration is indicative that a complete situation of dialogue does not exist—a situation that is indispensable for a harmonious and balanced development in Venezuela, and necessary for the achievement of the goals of the *Planes de la Nación*. The existence of a high level of understanding between the different currents and sectors integrating the nation is essential—an understanding that could be translated into the maintenance of political stability, which is, in turn, a required factor for all types of action in the decades ahead. The Federation is aware of this, and, to that effect, has

undertaken to increase its image by presenting a united front before public opinion, which could have political payoffs. In addition, it has increased its efforts in the delicate field of education—especially technical education, to prepare the future entrepreneurs—which gained intensity with the institution's support of INCE. These efforts have become stronger with the establishment of the Comisión de Educación y Cultura de FEDECÁMARAS in 1969, and presided over by Dr. Víctor Hugo Manzanilla. On being interviewed on this new undertaking of the Federation, and on its importance for the institution and for the country, four questions were posed to the President of the Commission, to which the answers were very revealing. These questions and their answers, in this interview, were phrased in the following manner:

**Question:** Has the problem of education any importance in FEDECÁMARAS?

**Answer:** . . . to find the relation that exists between education and the national interest that worries FEDECÁMARAS, insofar as the development [is concerned], requires a fine sense of discrimination and to be alert to the subtle but real concomitance between one and the other activity.

**Question:** What are the purposes of the organization in that field?

**Answer:** FEDECÁMARAS is ready, through the Comisión de Educación y Cultura, to sensitize the entrepreneur to become conscious of the importance of education; to move and develop the country's wealth, moving him to accept as urgent the necessity of coming to the improvement of one of the factors that intervene in that development—the human factor.

**Question:** Which is the human significance of that task?

**Answer:** The present society requires capable citizens for co-existence and prepare for action. The first is concretized with civic formation and general culture; the second, with professional education.

**Question:** How do you see the education problem at the professional level?
Answer: The problem of professional education is not so much [a matter] of giving the young citizen a determined qualification, but to secure [for] him the capacity for adaptation to perform in the present hour. FEDECA-MARAS is preoccupied with promoting and diffusing the acceptance of a real focus on the concept of Professional Education, where the training in the physical aspect, the acquisition [of] skills and habits in the handling of the machines, and the intellectual aspects, could come into close relationship, [thus] propitiating the understanding of the processes. 52

The above is, then, the new task of FEDECAMARAS for the future decades—placing at the highest level of priority the solution of the education problem, which for them means producing a balance between the intellectual and the technical aspects of it, in accordance with the requirements posed by the economic and social development of Venezuela. Those efforts, along with its other political and social ones, e.g., the organization's strategic position within the country's political context; its contributions through the Dividendo Para la Comunidad, have enhanced the image and importance of the institution before Venezuelan public opinion. Thus, the main accomplishment or success of FEDECAMARAS has been in promoting the "new image" of the socially responsible and politically engaged entrepreneur. This has been accomplished through its institutionalization as a pressure group, and through the contribution it has made to the betterment of the society through its philanthropy, through the modernization of its philosophy, and through its doctrinaire views.

CHAPTER XI

SUMMARY AND CONCLUSION

In this study, I undertook to explore a hypothesis, namely, that changes in the role of interest groups are related to the emergence of new forms of social and economic organizations. Specifically, that the dynamics of the planning strategy in Venezuela has affected the roles and functions of the Federation of Chambers and Associations of Commerce and Production (FEDECÁMARAS) in that country. In this study, I also undertook to explore a corollary to the hypothesis to the effect that the emergence of the planning structure and the planning strategy have contributed to the institutionalization of the business group and some of its activities.

In the context of this study, emergence of new forms of social and economic organizations referred specifically to the introduction of planning and the planning strategy to effect development in Venezuela. When reference was made to planning and to the dynamics of a planning strategy, reference was being made to the structure within which planning is to occur, and to the action or processes involved in the formulation of plans. The reference also was to the decisions concerning goals to be achieved and how they are to be achieved through such action or processes. Such references were made using
the rationale of the Economic Commission for Latin America concerning planning and the dynamics of planning. The Commission stated that government planning in Latin America was necessary to provide dynamism to the economies and to maintain moderately satisfactory rates of growth. Planning, as recognized at the conference of Punta del Este in 1961, by both the United States and the Latin American governments, was to be the instrument for mobilizing national resources for developmental purposes, as well as a way to solicit more external aid. It was thought at Punta del Este that the institutional framework in Latin America was not adequate to ensure that such economic policies as agrarian reform and income redistribution were properly geared to deal with policy requirements. Thus, planning was to bring such adaptation—the use of such policies resulting eventually in institutional reforms. Finally, planning was to substitute for lack of coherence—was to provide consistency—in the objectives and goals of the political parties and to bring "stability" to the governments. Thus, since 1961 all the Latin American countries have set up planning structures and have prepared plans that have been analyzed by regional organizations such as the Committee of the Nine of the Alliance for Progress, to make sure that they conform to the specifications of the Alliance. The Commission, in turn, has helped to sustain the planning effort by bringing this effort into line with the volume and orientation of foreign financial assistance.

However, in the opinion of the planners, as these planning structures developed they encountered problems of various kinds, including serious
difficulties in the preparation and elaboration of the plans. The greatest op­
position, in the opinion of the planners, came from ruling groups, especially
from the private business sectors, because the planning strategy for develop­
ment has been considered inimical to this sector's interests.

In Venezuela, though effective plans were not elaborated until 1960,
legislation establishing a National System of Coordination and Planning was
enacted on December 30th, 1958, as Decree 492, creating the planning office--
CORDIPLAN. As spelled out in the legislation, planning in Venezuela was
supposed to enlist the participation of the business sector and to act as a
"harmonizer of interests" in the social and political systems in order to ac­
complish the economic and social goals contained in the plans. By harmoniz­
ing interests, it was understood that CORDIPLAN was supposed to evolve a
system of mutual consultation with the private sector and other groups and
parties concerning developmental priorities in agreement with the policies of
the governmental regimes, coordinate these interests, and on the basis of
these consultations and the coordination elaborate a National Plan. In other
words, planning was supposed to involve a "multitude of decision points"
linked into a system. In the words of Friedmann, it was to comprise "a di­
versity of interests and programs . . . welded into a total conception."1 Ac­
cording to Acción Democrática's ideology embodied in its "Doctrine and Pro­
gram of Democratic Action" adopted by the Party in 1958, planning was

1See Friedmann, Venezuela: From Doctrine to Dialogue, op. cit.,
supposed to be a "convergence of class and national interests in several areas"—thus the concept of "harmonizer of interests" applied to planning.

The objectives of the Venezuelan government, through planning, were stated as an "unmodifiable purpose" of the National Government of achieving the rapid industrialization of the country, in order to accelerate economic development. President Romulo Betancourt elaborated and was more explicit on this objective by relating it to the basic political goal of his administration of creating employment opportunities for the large unemployed sectors, and to raise the welfare level of the population.

I went on to explore the role and functions of the private business sector as represented in the Federation of Chambers and Associations of Commerce and Production—an associational interest group, and principal representative of the private business sector in Venezuela.

The role and functions of FEDECÁMARAS were described as that of "orienting the economic development" of Venezuela through a harmonization of the different commercial and production interests first, on behalf of the business community and second, on behalf of the Venezuelan nation. In this task FEDECÁMARAS strives to perfect the organization of the entrepreneurial sector of the country to facilitate the task of channeling the national economy.

Thus, it is the function of the organization to study the problems of the country, in an "impartial manner," and then "indicate new routes to follow in economic

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matters, without excluding the social aspects." These roles and functions emerged from a "desire" on the part of FEDECAÑARAS "to alleviate the situation" produced by the Second World War, when import restrictions were imposed by the conditions of the war, on the Venezuelan economy. Thus, to the entrepreneurs, as those represented in FEDECAÑARAS, "was entrusted the main responsibility," for the economic development of the country. In other words, they were to be in charge of orienting and of indicating new routes in that development.

The above stated goals and functions were the ones challenged by planning and the planning strategy. Thus, an essential conflict developed for the government, using planning as an instrument, was supposed to play a role and perform a function similar to the ones of FEDECAÑARAS. One important exception, among others, was that planning was supposed to bring all the sectors of the society together (the "diversity of interests"), consult with, and coordinate these into a system for the elaboration and implementation of a government plan.

I then proceeded to examine planning and the planning strategy vis-a-vis the roles and functions of FEDECAÑARAS.

The Federation of Chambers and Associations of Commerce and Production is not opposed to the development process in Venezuela, as evidenced throughout the study. In this regard, FEDECAÑARAS has incorporated to its body of doctrine the view that the best program of social reform that could be offered the Venezuelan people is a Program of Economic Development,
capable of creating employment for the large unemployed sectors, and to raise the welfare level of the population. To this extent the Federation's doctrine is in agreement with all the governmental regimes' doctrines since 1958. This program of economic development, according to the Federation, is the main objective of every national collectivity and, especially, in the manifested underdeveloped countries. But the institution also states some conditions for the achievement of this development. It believes that the concept of development should be based on a constant increase of the material resources, an adequate process of formation of capital, an increased improvement of the human resources through an adequate demographic and economic policy, and the efficient use of the existing natural resources. Indispensable for the achievement of the above, according to FEDECÁMARAS, is a rational use of those resources, and an economic order to allocate them to the enterprises and to the most urgent needs of the Venezuelan collectivity. According to FEDECÁMARAS, an economic order is also indispensable to provide incentives for the many men participating in the national process of development. In this process FEDECÁMARAS assigns to the State the task of providing the necessary institutional framework such as the maintenance of a public order, and the legal institutional norms that would provide the framework for the working of the enterprises. The State should provide direction to the fiscal policy and should devise a system of public expenditures that would ensure the efficient performance of administrative services and that could initiate the public expenditures necessary to create the infrastructures and preconditions for the
process of development. It is also the task of the State to provide measures, such as an adequate educational policy, to incorporate the human resources into a more active, productive and dignified economic life. The State should exercise the entrepreneurial task--e.g., its direct involvement in operation of industries--by way of exception, in cases that by their nature, importance, and order of magnitude would require it, and in which a manifest disinterest may be observed by private initiative. All these points have been the constant preoccupation of the organization since its beginning, and more so with the advent of planning in Venezuela.

Thus, FEDECÁMARAS believes that the State has interfered with the business organization's roles and functions by an improper utilization of planning and the planning strategy. In other words, the Federation believes that in the pursuit of its goals the government should not interfere with the private sector and should concern itself with providing the necessary framework for development, leaving economic development to the people best qualified to undertake it--the private business sector. On the other hand, FEDECÁMARAS has recognized the value and importance of planning. In fact, the Venezuelan entrepreneurs represented in FEDECÁMARAS entertain the idea that planning is necessary and "imperative" for the country, and that the concept of development should be framed within a general National Plan, that could harmonize all the sectors and activities for the achievement of a desired end. To that extent it can be said that planning has been accepted.³ But, the business

³To that extent only, Friedman, Levy, VENELITE, and others' theses
organization also considers that for planning to be useful it has to meet certain conditions, in addition to the ones stated above. It would be necessary to have a regime of consultations in the formulation of the plans. This would have to be conducted first, between the organizations involved in the public administration in the country and, second, with the full incorporation of the private business sector in the plans' formulation stage at all levels of the society, in order for CORDIPLAN, and the government, to obtain the necessary information (quantitative and qualitative), and for the possible implementation of the programs and the plans. Moreover, FEDECÁMARAS requires that the private business sector be informed well about its task in the planning strategy, by the technicians in CORDIPLAN, in order for the entrepreneurs to feel that they are partners in the process. Finally, it is the view of FEDECÁMARAS that some instruments of policy should be devised to ensure the promotion of the plans, among the population, so that these plans may accomplish their objectives. It is not until the above requirements are met, considers FEDECÁMARAS, that the "institutionalization of the dialogue" will become a reality, and the Plan de la Nación will become a product of a "national consensus."

This posture—the business sector's announced responsibility in the economy, its reaction for not being incorporated as a decision-maker in the formulation of the plans and, later on, its preoccupation for the harmonization of interests--has been manifested throughout the study since the announcement concerning the fact that planning is "an accepted fact by all the sectors" holds true. Otherwise, it is denied as illustrated by the study.
of Acción Democrática's doctrine and the introduction of developmental planning. This posture of FEDECÁMARAS was manifested in the Assemblies in the examination of the plans. The institution was observed pointing out the "positive" and "negative" aspects of the plans. Among the positive aspects it underscored the fact that a general plan is a good framework within which the developmental task should be framed, in order to order objectively and rationally the march of the economy, and to guarantee the harmonic evolution of all the economic activities of the diverse regions of the country. Among the negative aspects FEDECÁMARAS questioned very strongly the role assigned the private sector in the plans, without previous consultation, and without taking into consideration the complexity of this sector. According to the business organization the private sector should be incorporated fully at the formulation stage of the plans. In these circumstances, FEDECÁMARAS undertook the task of reasserting its role of leadership in the economy. It also reiterated a basic principle concerning the assumption of a position of vigilance on public issues and a defense of the interests of the business community represented in FEDECÁMARAS within the framework of the higher interests of the nation. In other words, by defending private enterprise, according to the business organization, it was defending "the proper essence and way of life that we consider more adjusted to the requirements of the country's development, and more convenient for all its inhabitants."

Thus, FEDECÁMARAS identified

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the prosperity and development of Venezuela with its own institutional position and "could not conceive other 'formulas' being advanced," that would compromise its position within the developmental framework—a position which, in accordance with its stated goals, the institution was ready to defend before the Public Powers. This position of FEDECÁMARAS on planning was strengthened by the Carta de Mérida, drafted in the Assembly of 1962, which stated the doctrinaire position of the private sector. The document outlined the role of the private business sector in a developing economy. According to the Carta de Mérida, the government was to be accepted playing a role in economic development only if such acceptance did not imply the purpose of perpetuating itself in this development. The Charter of Mérida represented a strong indictment of government procedures and policies, especially those dealing with the public administration and the provision of a legal order—which FEDECÁMARAS found deficient in many ways. The document reaffirmed the idea that planning for economic and social development could be better organized and accomplished by the private sector—the only sector capable of ordering the resources of the economy in a "rational" way, and without bureaucratic favors.

There have been various changes effected in FEDECÁMARAS, and in the behavior of the entrepreneurs, as a result of the interaction with planning and the planning strategy. In this regard, I analyzed a change in attitude produced by the examination of the Plan de la Nación 1963-1966. Both this Plan and the planning strategy were examined at the Assembly against a document that FEDECÁMARAS brought to the convention, entitled "Bases Generales del
Desarrollo Económico con el Objeto de Formular un Plan de la Nación." The
document reflected the views of the private business sector on planning and
was supposed to "give a sense of 'integral programming' to the principles con­tained in the Charter of Mérida." A verdict was produced as a result of the
examination of the plan and the planning strategy. First, on the "excessive
emphasis" given to the participation of the business sector in the plans and
the planning strategy, as against the lack of emphasis and analysis given to
planning the expenditures of the State. Second, and most important, a plan
had to be formulated responding not exclusively to entrepreneurial thought,
but also to the interests of all Venezuelans. This reasoning was later on
modified and embodied in the thesis on "Democratic Planning" and "Economic
Democracy." Democratic planning was conceived and defined by FEDECÁMA­RAS as planning done by, and with the, participation of business at all levels
of decision-making within the Venezuelan society. Economic democracy was
conceived and defined by the Federation as collective action at all levels di­rected to the achievement of goals for the creation of wealth and consolidation
of social justice. This outlook toward planning was promoted by FEDECÁMA­RAS afterwards, for the business institution was of opinion that "man" had to
be made "the object" of economic development. Therefore, man--all Vene­zuelans--had to participate in decisions concerning that development through
planning, in order to make all sectors of the population responsible for the
decisions concerning goals to be embodied in the plans, and for the imple­mentaton of such goals.
CORDIPLAN agreed to make adjustments on the "fundamental deficiencies" of the Plan, because it realized that the goals established in the plans, and the estimates for financing the Plan de la Nación depended on the information supplied by the private business sector. Thus, a "permanent mechanism" was proposed by CORDIPLAN for the consultation and to permit making adjustments to the Plan de la Nación, and to future plans. It was decided that the central document—Bases Generales—presented by FEDECAMARAS, be incorporated in the Plan de la Nación to serve as reference for the Committee of the Nine of the Alliance for Progress. FEDECAMARAS was also observed undertaking the task of preparing a body of doctrine on planning and modifying its structure—consulting and special commissions and technical areas were incorporated or modified—to deal with such contingencies as questions concerning the review of parties' priorities or platforms, on economic issues and planning. These had to be consulted with the private sector which, "after all", in the words of the Federation, was to be "the one in charge of implementation of those goals." The modification of the structure was also done in order to deal more effectively with CORDIPLAN.

The above view concerning democratic planning and economic democracy was complemented by the decision taken by the entrepreneurs at the Seminar of Maracay—the Declaration of Maracay—in which FEDECAMARAS is observed for the first time placing the interest of the nation before its own. This

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was the doctrine that stated that "what is good for the country is good for the enterprise." The doctrine helps to explain the change in the role of FEDECÁMARAS concerning the placing of the interests of the Venezuelan community before those of the enterprise. This "new attitude" was expressed in the desire to undertake the initiative of contributing to the establishment of a social order necessary for development to take place. It came as a result of the government's desire to undertake the responsibility for economic development through planning, without first providing the adequate framework or preparing the resources necessary for that development. In this respect FEDECÁMARAS is observed first, changing its "classic conception" of free enterprise in an economy—which is to make a capital produce—and advancing the obligation of enterprise and entrepreneurs alike, to cooperate by giving "due attention to other necessities" confronted by the Venezuelan nation. In this respect the Federation is observed seeking to foster in the businessmen a recognition of his responsibilities as a member of the Venezuelan nation, and his obligation to cooperate with other groups in the solution of the country's problems. Specifically, then, FEDECÁMARAS has undertaken other obligations besides the ones assigned to it by the classical conception of the enterprise, which is to make a capital produce and to engage the most efficient factors of production for such a task. It has become involved in the social aspects of development and has tried to promote the social framework necessary for such development by lending the cooperation of private initiative and by promoting the active involvement of the private entrepreneur in social action. In this sense the
business institution has changed its previous doctrine and the attitude of the entrepreneurs concerning the fact that "what was good for the enterprise was good for the nation," a change it effected after examining the planning strategy.

Specific tasks in which FEDECÁMARAS has been able to observe this "new attitude" have been first, by the creation of the Dividendo Para la Comunidad. Through this program the Federation sets aside a percentage of the capital of the enterprise for social programs. A second task undertaken by FEDECÁMARAS was to emphasize to the government the need to make adjustments in its educational policies to meet the necessities of the industrial development. It also undertook the task of lending the facilities of the enterprises for training the youth and already employed workers in technical areas. This is the case with the enterprises' participation in the Ordinary and Extraordinary Programs of Education conducted by INCE (Instituto Nacional de Cooperación Educativa). The Federation also created the Comisión de Educación y Cultura, as part of its structure, to effect a link with educational and cultural areas of the nation. Such contributions are part of the "new entrepreneurial attitude" as embodied in FEDECÁMARAS.

However, FEDECÁMARAS seems to evidence a concern for the ongoing social and political relationships in Venezuela. Hence, the business institution's calls for an understanding among the political forces of the nation to help effect the task of development. Along these lines, FEDECÁMARAS is observed presenting an image of unity and solidity to the nation, as an example to other groups. That concern for the political and social relationships is also
expressed in FEDECÁMARAS' desire to steer man away from its dependency on the governmental regimes' "paternalism," and in a desire to "depoliticize" that man, in the sense that the organization harbors the conviction that development could be better pursued or accomplished only if man is taught to think along entrepreneurial lines. In that way that man is stimulated to foment the creation of enterprises in the future. This, then, is the business organization's main justification for its emphasis on providing the proper mixture of professional and technical education. In it is observed a desire of diverting man's attention from his "excessive dependency" on the government and on others, and instilling in that man an "entrepreneurial attitude," as demonstrated by the pronouncements of Dr. Oscar de Guruceaga, ex-president of FEDECÁMARAS, when he described the "new task of FEDECÁMARAS."

Thus, due to the influence of the planning strategy, FEDECÁMARAS grew stronger in its dealings with the State. For example, in relation to the business community's pronouncements concerning the objectives and aims of the planning strategy, the Federation has been successful in bringing the government to consider its points of view and suggestions. FEDECÁMARAS has defended its position on economic matters throughout the years and has forced the State to modify the plans, to include those suggestions. For example, both Betancourt and, thus, AD, and the business sector in FEDECÁMARAS were in agreement concerning the importance of foreign investment in Venezuela. On the other hand, there were some nationalistic sectors in the country, e.g., some sectors within pro-Venezuela, that were opposed to such investment. To
that effect, Betancourt made an appeal to those sectors not to oppose foreign capital needed to supplement the savings needed for development. FEDECA-MARAS was not, and was never, opposed to such investment because it recognized the value of such investment for development in terms of the technical expertise and skilled labor that it would bring into the country. However, the Leoni's administration came under considerable pressure to enact legislation to regulate foreign investment. FEDECAMARAS was instrumental in avoiding the passage of legislation to regulate them, thus defending the initial position taken in 1958 at Barquisimeto concerning the importance of this form of investment for the development effort. The Federation was critical, however, of the form of investment channeled through the Alliance for Progress for planning purposes. The business sector, though counted upon to implement the goals embodied in the plans, was excluded from decisions concerning the utilization and intentions of such form of investment.

Another area in which FEDECAMARAS' influence in its dealings with the State in the economic area was observed, was in relation to the policy concerning Venezuela's intention to enter the Latin American Free Trade Association (LAFTA). The controversy over this policy was more a test of wills and reactions than anything else. FEDECAMARAS had been able to work out a "gentlemen agreement" in Caracas before the matter was announced and came up for discussion in the Assembly of the business organization. The "gentlemen agreement" dealt with the fact that there was going to be a postponement of Venezuela's entry into LAFTA until a further study requested by
the business organization was made concerning the repercussions of such a step on the petroleum policy and the impact on the value of the bolívar. The Federation also wanted to become an equal partner and a decision-maker on any organization set up to consider and supervise the country's entry into the regional arrangement. Since they were supposed to play a very important role in such decision—after all they are the implementer of any economic policy in Venezuela—no agreement was to be effected unless agreed upon by FEDECÁMARAS.

FEDECÁMARAS' influence had been felt in other policy areas. The business organization was successful in eliciting a promise from President Raul Leoni, while he was First Executive, for a majority participation of private sector's capital in two major industries—chemicals and petrochemicals. This was a modification of the official policy during the Betancourt's administration concerning the goals' orientation of his regime of not allowing the participation of the private sector in these industries. Thus, it could be safely concluded that, in addition to the compromise effected during the Leoni's administration, concerning a "sharing of responsibilities" in analyzing the great economic matters involved in planning, in making such a concession the government declared a need for the participation of the private business sector in the achievement of developmental goals.

The State was observed welcoming suggestions on Regional Export Policy, in light of the criticism made by FEDECÁMARAS on this issue. The Plan de la Nación incorporated the view of the business institution concerning
the strengthening of developmental poles—a departure from the traditional center-periphery type of development—to provide balance to the economic development. To the effect, the government represented by five ministers and the Director of CORDIPLAN were to hold meetings with FEDECÁMARAS to define the changes in national economic policy with the purpose of projecting its growth to foreign markets during the 1980's and the near future. That project was included in the Plan de la Nación.

However, FEDECÁMARAS was not able to bring the National Government to conduct a "national dialogue" on the Petroleum Policy, and or its pressure on the government to re-evaluate the instruments utilized by the latter in this policy. On the other hand, the business organization was seen throwing its support behind the President Rafael Caldera's regime on the latter's quest to secure new and better quotas for Venezuelan petroleum in the world markets and especially in the United States market.

As a result of all these incidents within the planning strategy, FEDECÁMARAS was observed strengthening and modifying its organization—through the introduction of consulting offices and commissions—in order to strengthen and to further, in its view, the harmonization of interests, not only within its structure but also within the Venezuelan nation. This task, of course, was to require educating the entrepreneurs. In addition, in line with the "new social responsibility" of the entrepreneurs, the Federation is observed strengthening the "entrepreneurial conscience" to face up to that new responsibility, and the planning task. Thus, besides strengthening its body of
doctrine FEDECÁMARAS has acquired a body of technicians and consulting agents—"a managerial group"—with expertise to provide guidance to the business institution in its dealings with the government's technicians and other sectors and groups of the society such as political parties, and the legislatures. The Business institution is also observed proposing similar courses of action to other entrepreneurs in Latin America. In this regard, it has appealed to those entrepreneurs to institutionalize the dialogue in their respective societies in order to conduct an effective development of those countries—a new dimension added to the entrepreneurs' thesis on democratic planning and economic democracy. This despite the fact that no system of democratic planning has developed in Venezuela in which the business sector and the people have been able to contribute to the formulation and design of the plans through direct participation, as is the desire of FEDECÁMARAS. To that effect, no "institutionalized dialogue," in the sense described or wished by FEDECÁMARAS has evolved or developed in the country despite the many promises of the governmental regimes. In the words of Dr. Pedro R. Tinoco, "national planning in Venezuela is carried out on the part of the government in a partial way. On the other hand, the entrepreneurial private sector has not participated in an institutionalized and democratic way in the planning process. The participation has been by way of personal, informal, and isolated contacts, and through the disagreements and critical pronouncements that the entrepreneurs and entrepreneurial institutions made a posteriori to the plans, because they are
not permitted to participate actively in the process. However, as has been observed, the private business sector, as represented in FEDECÁMARAS, has been very effective in this indirect participation in the planning strategy. But, again as Dr. Tinoco and FEDECÁMARAS have observed, for this instrument (planning) to be operational it is necessary that the plan of the government be converted into the Plan of all the Venezuelans. By this is meant, that all those agents of decision that directly or indirectly participate in the development of the country, could participate in the elaboration, implementation and evolution of such an important document. The view of FEDECÁMARAS on this issue has become part of the body of doctrine of the institution. It points to a situation that, despite all the years of discussion, has not been corrected. Until this is done, as implicit in the above views, it is doubtful as to whether the complete objectives, as set up in the plans, will be accomplished.

Nevertheless, as has been observed, FEDECÁMARAS has undertaken some other roles not only to provide the "cushion" needed for the development effort but also to keep strengthening its institutional position within the Venezuelan society. One of the most salient roles of FEDECÁMARAS, brought about by the presence of planning, is its emphasis on informing public opinion.

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In revealing to the Venezuelan collectivity information about the intentions of the governmental regimes' policies through planning, FEDECAMARAS has institutionalized a function that it set out to perform as part of its original goals. In so doing the business institution emphasizes its role of defender of the Venezuelan collectivity by uncovering social, political, and economic problems, in its Assemblies, which help the nation (and indirectly the governmental regimes), to identify and become more aware of these problems, that otherwise would remain hidden in the social and political milieu. In the performance of this task, FEDECAMARAS has placed emphasis, especially during the past years, in presenting a unified image to the nation—perhaps the most unified image of any independent system in Venezuela. In this regard, the business institution tries to present an image that will champion the well-being of the Venezuelan nation, in its public presentation of demands, above any other priorities within planning—the "selling of the group and its objectives to the public."

It is a fact that factionalism is sometimes observed within FEDECAMARAS—a factionalism produced in many instances by a desire on the part of its leadership to control the organization, especially when some thorny issue comes up to be considered, such as the organization's discussions of the objectives of the government regimes through planning. However, as a result of these conflicts, the institution seems to have become stronger. The same leadership within the business organization has been capable of resolving the differences, and the institution has been observed to have grown more cohesive.
throughout the years. One result of these transformation is that the State must consult the organization if it wants to gather complete and reliable information concerning the intentions of the private business sector in the economy, short of resorting to coercitive measures to elicit performance in which case planning will cease to bear its so-called "democratic" label, as claimed by the government regimes, and some writers who have become defenders of this proposition.

In these circumstances, it could be fairly concluded that FEDECAMA-RAS is increasingly gaining in importance, and the significance for the people, and for the government, of what is discussed in the institution's Assemblies grows in proportion to the speed and intensity of the development process. That FEDECAMARAS is becoming more important and more significant is explained by the fact that by "institutionalizing" its function of "indicating new routes" in the economic and social development of Venezuela, it reveals policy areas to the public in which the government is engaged. and, in turn, helps the government by indicating ways to help meet demands of the general public. In so doing FEDECAMARAS also complements the action of the planning structure. In this sense, the institution also in an "indirect way" still performs its old role of "orienting the economic and social development" of Venezuela.

Moreover, the position of FEDECAMARAS within the societal system is becoming more valuable and its voice more objective. In other words, as opposed to its traditional subjective sole defense of its interests, the Federation has become an indispensable reference for the social, economic, and political
equilibrium in Venezuela.

Thus, what is observed in Venezuela is the gradual incorporation of a pressure group into the political system. The importance of the Assemblies of FEDECÁMARAS resides in that it is a forum for the discussions of policies and other issues, indicating the developing importance of the group for the political and social systems. Thus, the entrepreneurial group (as a subsystem), is an example of the plurality of the Venezuelan society. One finds diversity and divergent views and tendencies among the entrepreneurs—a factor that is convenient because it creates an essentially democratic balance inside and outside of the business institution. Moreover, the entrepreneurial sector in Venezuela becomes every day more modern and dynamic. It is becoming accustomed to discuss issues and policies in an impartial way. The opinions of this sector are heard and discussed. This is important, healthy, and also convenient because by turning itself into a real and "objective" value the entrepreneur becomes an indispensable reference for the society that can help to provide balance to the political order. For instance, if the government introduces a law and the private sector considers it negative there could be opposition and, in occasions, important modifications could be obtained. Thus, the modern pressure group is becoming a reality in Venezuela. Despite the progress within the democratic regimes, there still does not exist in Venezuela a true functional representation within the organizational framework of the State. The entrepreneurs, like the workers, and the professional colleges, among others, are sectors that every day enter more into the
decisions of the general affairs of the society.

Because of the above, the Assemblies of FEDECÁMARAS have become another stage in a dynamic and vital process in Latin America. One of the factors that in occasions has made difficult the democratic process in Latin America, is that some political groups have frequently believed that they should impede the participation of other variables of the social order in the decision-making mechanism.

Perhaps the most important consequence for the political and social systems of Venezuela, of these developing trends in FEDECÁMARAS' behavior, is the increasing transformation of the legal policy-making arena, through the informal relationships with the interest groups. In other words, it may be the case that FEDECÁMARAS may be setting up a trend for the acceptance of groups' inputs into the decision-making process, in order to solve democratically the problems of the Venezuelan society. In its discussions of the plans, and the planning strategy, FEDECÁMARAS may become indirectly responsible for policy planning and for most of the political support that a regime may get, as evidenced by the business organization's role as mediator within the political system. This is a role or type of "syndicalism," in Eldersveld's words, "that while recognized and taken for granted, does not become formally institutionalized." That is, it is not FEDECÁMARAS' true role to act as a mediator in the Venezuelan political and social systems. But since the organization

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is able to present a solid analysis of the problems of the country, it is able to act as an impartial judge among competing factions, by presenting an accurate picture of the issues which could serve as referents to mollify those factions and the continued smooth operation of society. By such an analysis of the economic and social problems, the business institution helps provide support to the regimes. In this respect, the political process becomes less "conflictual" with the group assuming more of an "integrative" function—insofar as the public's interaction with the legal-policy-making machinery is concerned—a function that is ordinarily ascribed to the governmental regimes through the planning strategy.  

In other words, by forcing the government to clarify policies and to indicate trends, the business organization avoids any other sector's misunderstanding the intentions of the government in policy areas. That is, the business organization helps government "analyze the implications of policies" for the government's "basic values."  

This view is taken in opposition to the defenders of planning who see in the planning strategy itself the "integrative" and "coordinating" mechanism within the Venezuelan political, social, and economic systems. This task performed by FEDECÁMARAS has

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9 This function of FEDECÁMARAS is similar to the one performed by pressure groups comprised by professional organizations in France. See for instance George Lavau, in Henry Ehrmann, ed., Interest Groups on Four Continents, op. cit., p. 61. Also, see discussion of groups in chapter I, above.

10 See R. A. Bauer, I. de Soola Pool, and L. A. Dexter, American Business and Public Policies, op. cit., who concluded that within the North-American context "congressmen were heavily dependent on the help of interest groups in analyzing the implications of policies for their own basic values."
been observed in the diverse areas of development as well as demonstrated by the organization's continuous concern for promoting an understanding between the political forces in Venezuela, when in various occasions it has called for the exercise of prudence during the various regimes' political crises. The performance of these diverse functions may well prove to be, in the long pull, the real worth of FEDECÁMARAS within the Venezuelan social system.

For the rest of Latin America, especially for those countries engaged in planning for their respective societies in general, the maturity of FEDECÁMARAS provides an example of the metamorphosis—the development of a social and political consciousness—effected in a group. Thus runs contrary to the stereotyped views of the planners in the area, which viewed the private business sector in Latin America as an obstacle to the development and implementation of the plans in the area and denied its participation on this sole factor. Perhaps a reconsideration of strategy could benefit the area in general.
APPENDIX

Interviews Adapted From Venelite

1. No. 323281, pp. 23, 24, 38, 49, 43, Part B, pp. 33, 34.
2. No. 003006, pp. 90, 94, 96.
3. No. 082042, pp. 9, 10.
4. No. 057167, pp. 29, 13, 53.
5. No. 070212, pp. 34, 40, 80, 82, 86.
7. No. 034092, pp. 181, 189.
8. No. 061176, pp. 94, 96.
9. No. 030087.
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13. No. 033091, p. 22.
15. No. 339240, pp. 107, 108.
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