

NOTES ON THE FUNCTION OF PUBLIC ADMINISTRATION IN THE ESTABLISH- MENT OF A NEW SOCIAL AND ECONOMIC ORDER

*Javier Barros Valero, Roberto Casillas, Andrés Caso,
León Cortiñas, Jaime del Palacio, Luis García Cárdenas,
José Luis Martínez Hernández, Óscar Reyes Retana*

1. Underdevelopment and Dependence

The adoption by various countries of the Charter of Economic Rights and Duties of States is the result of their awareness of the financial imbalance caused by the drastic disparity of exchange terms on a world-wide scale. The unprecedented effort undertaken by the United Nations Organization to establish a new international economic order is an attempt to solve these differences.

The root of the problem began to be seen when the financial crisis of 1929 that shook the Western world came to an end. An analysis of development systems dynamics showed that the poverty of many nations was due to progress of advanced capitalist countries, and when the latter broke into some marginal areas, their presence forcefully precipitated the ripeness of certain basic conditions for the development of a capitalist system which blocked, equally forcefully, the growth of these regions. In other words, it was evident that expropriation of their resources held back their primary capital accumulation, while their unequal competitive position in the

international market prevented the growth of their recently established industrial base.

Although the circulation of goods increased, large sectors of the populations were impoverished as these countries came into contact with modern Western technology in what seemed to be a powerful stimulus for development; however, such development was radically twisted so as to be subordinate to the goals of capitalist advanced countries.

These considerations gave rise to the development of an exchange theory based on the Marxist analysis, which accepts the idea of development as a structural transformation of the economy that can take place in an evolutionary way in the presence of favorable sociopolitical conditions, and always with the aim of establishing socialism. A counterpart to this trend emerged at the same time, around 1950. This school of thought was adopted by reformationist theorists who wanted to make certain changes in the world economy in order to reconcile its persistence with a reduction of the pressure brought to bear by peoples with no share in development.

The foundation of the reforming attitude was to be a substantial change of world economic relationships. The position of this school, now known as "developmental" involved, on the one hand, attributing some kind of rationality to the development process of industrialized countries; on the other, the assumption that development of backward societies must inexorably go through a number of clearly defined historical stages. In fact, developmental theory is based on several fallacies, for it holds that development supposes the attainment of a given state of progress equal to that of industrial societies; that is, a model is drawn from such societies to be the goal of underdeveloped nations.

Such a procedure implicitly accepts the possibility of historical experience repeating itself, even though there is no historic possibility of forming societies that will reach the same state of development as those which are already developed. Time in history is linear, and no society can move backwards to past stages of present societies. Indeed, no society or development

models drawn from a given historical time and place can be applied to different instances and places.

The developmental thesis outlined above is inconsistent because it ignores the specificity of events in the course of history. It would be no exaggeration to state that attempts to mechanically transfer development models have held back the possibility of constructing theories in which development is viewed as a historical process.

Another important fact which has hindered the emergence of viable specific development theories, has been the traditional and unfounded tendency to equate mere economic growth with economic development, and the latter with overall social development.

Fortunately, in regard to this misconception, some highly enlightening ideas have appeared recently, stressing the fact that such "totalizing" development can only be broken down for analytical purposes — to be used always in partial approaches — with which social, political, and economic development can be dealt with as independent categories.

There is an idea firmly held by a number of serious students of Third World development, that an overall analysis of development involves not only determining the conditions of an economic structure nor considering the social effects which result from that structure, but that the scope of such an analytic effort demands, on the one hand, a consideration as a whole of the particular and historical socioeconomic conditions underlying any development process within and outside a country, and on the other, an understanding, within the given structural situation, of the goals and interests which give rise to, orient, or encourage group and class conflicts and social movements in developing societies.

The preceding makes evident the need of defining such structural conditions and of gearing them in a dialectic manner with the finalist valorative ideological layer of those movements which encourage social change. It has been stressed that an

understanding of historical conditions related to the socio-economic structure requires that they be considered from the standpoint of their internal or intranational relations, as well as on an international level. A further category is derived from this latter point which cannot be avoided in attempting to develop an appropriate framework to evaluate the possibility of change. We refer to the phenomenon of dependence.

Commercial relations among advanced countries and underdeveloped nations are based on two economic processes: first, the concentration of capital which consists of continuous and increasing capital investment in the same company or conglomerate, restricted only by the growth of equity capital. The other has to do with capital centralization and involves the continuous and increasing absorption of companies of different sizes by a given firm or conglomerate. Both processes serve to bring about the economic subordination of a country.

Parallel to the establishment of a supraordination-subordination relationship of economic structures, there are also — and this is an accepted fact — similar relations in the area of politics, culture, science and technology which consolidate the economic dependence. This factor can in no way be overlooked when trying to analyze the situation of underdeveloped nations. In other words, for the dependent country, exporter of raw material, there is a metropolitan country that exports capital, technology and ideology. Capital is allocated for the control of strategic sectors of the economy; technology has been formally sophisticated in metropolitan countries and they try to modernize, to a limited degree, the productive structures of peripheral countries, while their ideology is aimed at preserving certain patterns of behavior and attitudes which continue favoring the action of the dominant State. Nevertheless, the fact that the dependentist scheme finds favorable conditions in the national area by means of what has been called “internal colonialism”, cannot be omitted — a concept which pretends to explain such phenomena as income concentration and regional imbalance in terms of the predominance of certain social classes over others; a predominance in many cases guaranteed by the action of the State’s appa-

ratus. However, the analysis of these problems falls out of the range of this paper.

2. *Internal Imbalance*

In order to clearly understand the phenomena of dependence and underdevelopment, an examination of internal changes in the history of poor countries is necessary. By and large, the development of dependent countries has been characterized by two clearly defined stages. The first is called "outwards development", in which the main activity was "primary exportation" and began in the XVIth century when the great European metropolis began their commercial expansion. The second is of "inwards development" and started after the 1929 crash. It was characterized by a dynamic industrialization process, particularly in Latin America, based on the replacement of imports.

In the primary exporter model of regional colonial economies, the most dynamic sector was exporting, as the name implies, and it was highly productive due, in some cases, to the intensive exploitation of natural resources and labor, and in others because of the utilization of more efficient tools and processes.

Productivity increases were concentrated in this sector, while other parts of the economy remained virtually unchanged, or only improved to a limited extent. Based on this phenomenon a type of economy began to take shape in which drastic productivity imbalances coexisted with a special type of relation between the exporting sector and the rest of the community.

In the inward development model which emerged, by and large, after the great crisis of 1929, the most dynamic sector was that of modernized non-exporting activities which had its direct origin in protectionist policies for import replacement. These policies, caused by the inadequacy of world market supply after the crash, tended to satisfy internal demand by greater utilization of existing equipment, relatively indepen-

dent production of goods and services and creation of new productive units to substitute goods which were previously imported.

The sectors which benefited from this protectionist policy are noted for having productivity levels much above the average in their community. They were usually located in already "developed" areas and their production was aimed at the consumer goods manufacture market in order to take advantage of the growing demand of urban communities repressed by the inelasticity of their importing capacity. The fact that industry was established near major consumer centers, and that it made use of existing infrastructure, generated the so called "vertical development model" consisting of intensification of activities in certain "poles".

Compared with the growth of this sector, which can be considered dynamic or modern, a considerable part of the economy remained in a much lower position in terms of productivity levels. That is, as in the case of "outward development" models, there was no horizontal development and the productive structure was composed of three sectors: the primitive, the intermediate and the modern. The first is noted by productivity levels similar or lower to those of colonial times. The second attains a productivity similar to the average in the country. Lastly, the modern pole has a productivity level equal to the average productivity of developed economies. It should be added that these three levels are found in various sectors of the economy and do not necessarily follow the urban-rural or industry-farm dichotomy.

As opposed to what happened in advanced economies, where the differences in productivity were not so drastic — especially because the development process took place at all levels—, dependent countries were unable to extend the developed nuclei to cover marginal sectors; among other reasons, because of the modern's pole limited capacity to create employment and thus absorb more labor from the less productive areas. Moreover, this capacity, such as it was, was further reduced as the import replacement process advanced, because

each step forward of this process represented a more capital intensive approach.

a) *An Alternate Vision*

In general terms, the model above described corresponds to the one elaborated by the Economic Commission for Latin America. However, recent investigations have reached different conclusions; industrialization was the result of accumulation needs and not of requirements for satisfying internal consumption. Maintaining or incrementing high levels of accumulation, required keeping the cost of generating labor force — i.e. the subsistence salary — at low levels. The choice was spending currency or producing internally in order to maintain labor force; the option was the latter; the reason, the lower opportunity cost. A first stage in the Brazilian case, was producing non-durable consuming goods for lower strata, but afterwards industry was aimed towards the production of durable consuming goods — a position based on the redefinition of labor-capital relationships —; the enlargement of the industrial reserve army; the increase of the exploitation rate, and the differential speeds between salary raises and productivity, all of which reinforced accumulation. Import substitution was necessary but not enough a condition for orienting industrialization. Accumulation itself required a policy of high prices, superior to those of products that were imported before. Being transmitted from one branch to the other, such prices did not stop accumulation but reinforced it, since the new branches achieved high productivity levels which allowed accumulation absorption.

As a rule, care was taken so that high prices would not be transmitted to those goods which were part of the generation cost of the labor force, for they would have directly affected the accumulation process. Competitive prices were only sought in products that were assigned to the external market. National market of expensive products was guaranteed by the high level of income concentration.

i) *The Agricultural Role*. The accumulation type appeared during the 1930's, forced agriculture to re-estate its function. From then on, it should not only produce for exportation, but also to provide enough agricultural surplus in order to satisfy internal demand; offer cheap labor to non-agricultural sectors in expansion, and transfer value through different channels. In providing unexpensive food to urban masses, agriculture contributed to guarantee the low cost generation of labor force.

The dicomposition of the pre-capitalist production structure in the country-fields, caused by the penetration of the capitalist system, was the main source of massive migration to cities. The phenomenon is more a rural "push" than an urban "pull", as opposed to certain sociological studies. These migrations produced the fundamental contingents for the creation of the necessary reserve industrial army, which, as it has been already said, was needed for the industrial capitalist expansion.

ii) *Dependent Urbanization*. The high volume as well as the economic conditions of the migration towards the main cities, motivated what has been called the "savage urbanization" process, which conditioned urban concentrations not as labor force and activity grouping centers, but rather as social agents recipients, whose position in the production structure had been destroyed for an accelerated process of unequal development.

In broad terms, the dependent urbanization process had the following spatial effects: a) accelerated urban growth; b) urbanization not corresponding to the development of the productive capacity; c) unarticulated national urban net (there is no hierarchy between cities); d) urban macrocephalea; e) social and cultural distances between country and city; f) infra-urban ecologic segregation (marginality, slums, "ciudades perdidas"); and g) absence of urban planning and regulation (which results in speculation of urban grounds).

In what refers to the above mentioned, the variants in the urbanization processes of each dependent nation, will be given

by the following four factors: a) the characteristics of the national political system, its development and, above all, its autonomy from governing groups in what regards to external interests; b) the pre-existent agricultural society type; c) the articulation history of each nation to the dominant metropolis; and d) the autonomus impact of local industrialization in each dependent nation.

b) *Marginated Groups*

For those who believe in the culturalist view, marginated groups live outside the modern sector, sharing neither its values nor its material advances. Solution to this problem would be given by integration through such things as community development, social assistance, etc.

During the 1960's and together with these opinions, surged another perspective which considered marginality as a structural characteristic produced by the type of accumulation given in the dependent societies, and placed the marginated within the system, not as a separate society. Being situated in the secondary sector (handicrafts production) as well as in the tertiary, the marginated, holds the mentioned perspective, are functional to the system and form part of the reserve industrial army.

The rapid growth of the tertiary sector in the dependent countries, which has been considered a characteristic of "underdevelopment", fulfills an adequate role for accumulation purposes. The tertiary sector grew without a high grade of capitalization, since otherwise it would have diverted funds for industrial accumulation. Not only funds were not diverted, but being the tertiary sector composed mainly by services performed thanks to pure labor force — remunerated at very low levels —, it transferred an important fraction of the created value to capitalist activities. Repair workshops, peddlers and domestic services fulfill an adequate role in the acumulation type of dependent countries, contributing besides to concentrate the income.

Dwelling policies followed by most Latin American States, also contributed to the capitalist accumulation. On the one hand, unexpensive dwellings are built basically financed on public funds —or else mixed, as in the Mexican case—, and this incides directly in the diminution of labor force generation cost; on the other, dwelling construction is left in the hands of the workers themselves (proletarian cities, slums, "ciudades perdidas", etc.), and gives place to a typical case of unpayed work or super-work, which directly contributes to augment the exploitation rate of the worker.

In short, it can be said that the form in which today's dependent nations gradually articulated to the world capitalist system, determined the type of accumulation they followed; such type can be briefed, at the spatial and sectorial levels as well as in the class structure, as unequal and combined development composed by marked unbalances in the distributions of technical progress and its fruits.

3. The Role of the States

Attributing importance to the condition of dependance and social disequilibria which the former causes within Third World nations, does not mean that the die is cast for poor countries. In this sense, the Charter for Economic Rights and Duties of States acquires a specific value in pointing out the basis of inequality and prescribing an international ethical code which favors its abolition without violence.

Presuming that the Charter provisions and principles that favor the accomplishment of a new international order, reach total effect, the role played by Public Power will increase its importance in determining and directing internal development objectives as well as an active participation in the shaping of the international relationship. The old concept of Public Power only fulfilling observance of the established order, has been increasingly discarded by most nations.

At the same time that Public Powers began to create and nationalize strategic enterprises they also started to organize corporations for the promotion of development. At present even the most economically liberal countries have been forced to take interventionist measures like wage and price freezing, employment creating policies, control through central banks, etc. These first steps will surely lead to the need for government development plans which may vary from being merely indicative to compulsory, according to the characteristics of each state.

The direct or indirect activity of the public sector can be combined in various ways. Ultimately what matters is for the State to assume leadership of the process to arrive at the chosen model of development.

a) *The Central Sector*

As can be seen from the foregoing, underdevelopment is not a step along the road to development but rather, the backwardness of most countries is the direct complement of the prosperity of a few. Experience shows that each country must search its own development concepts and objectives, and once these are established, it must spell out a strategy to achieve them.

In this context it is logical to assume that all governments will have to take over an increasing number of commitments because otherwise, that is, if they do not intervene in the economic life of their countries, transnational corporations will be allowed to preserve their power, since local private enterprise can hardly compete with the large international capitals. The persistence of foreign companies in the management of key sectors of the economy will perpetuate dependence, and with it, underdevelopment and all its consequences.

Public Powers intervention of this type introduces the concept of efficiency into public administration. The social functions of Public Power require more efficacy than efficiency, but its transformation into an economic agent should lead it to

manage people and resources in terms of productivity criteria.

We must therefore distinguish two areas of activity for Public Powers; one social and the other economic, although the two are closely linked. It should also be pointed out that even though public intervention in economic life requires productivity criteria, the ultimate end of government must always be social welfare. If one accepts that governments should take on more commitments, provision should be made for the growth of this sector.

This inevitable phenomenon refers not only to the number of people entering civil service for the performance of more commitments, but also their characteristics, in addition to the changes that must be made in the government organization for its growth to be appropriate and orderly.

The first point, as to the number of workers in the public sector, can be analyzed from two standpoints, one of which is the Public Power's social function, in which case mass hiring of personnel would be advisable in order to partly solve the unemployment problem. The other criterion, related to efficiency, would advise hiring the least amount possible while technifying administrative processes. Both extremes are negative because inefficiency in government is as undesirable as a technocracy.

In view of the unemployment situation of underdeveloped countries, the decision should lean towards hiring as many people as possible while trying to maintain an acceptable level of efficiency. The breakeven point cannot be summarized in a formula. Each country, and more specifically, each sector has different components and requirements. It should merely be pointed out that often the indiscriminating acceptance of technology has brought about widespread unemployment. There are many activities in which the only effect of technification is the reduction of manpower employed without improvement of the end product. Although this position is justified in countries with labor shortages, it is contrary to the needs of others with high rates of unemployment.

As to the characteristics of the personnel to enter public service in future years, both their training and their attitude to the present situation should change. Indeed, at present Public Power workers, either because of their academic training or their learning on the job, tend to perform their duties without considering the social cost involved. For this reason it is immediately necessary to train government organization managers capable of managing a public business efficiently but without ignoring the social consequences of their performance.

It has been traditionally accepted that public servants should be apolitical or neutral. The practical result of this theory has been conservatism of government officials and, on occasion, has even caused bureaucracy to be an obstacle to political decisions for change. The attitude of public servants, as reflected in their actions, should be the result of an understanding of their country's social reality and their government's objectives. It must be made clear, however, that they tread on dangerous ground, as political awareness can be confused with indoctrination. The proposed idea is to make available to public servants the criteria — basically information — for them to acquire political consciousness. The politically aware official can be a valuable element for criticism and correction and thus government can profit from his experience to change programs, structures and procedures.

No government has the right to impose a political doctrine on its servants, but these are entitled to know the ultimate goals of the government organization; that is, what they are working for. If people with a clearly defined social conscience can be recruited and also have the necessary skills to accomplish the social and economic purposes of the state, it will be possible to establish a new economic order.

b) *The Decentralized Sector.*

Public control of certain areas of economic activity has made possible that highly industrialized nations rationally plan the

utilization of their resources and channel the activities of the entire economy either by recommendation or compulsion. The existence of an "Active State" is even more important in poor countries.

At present, for a number of reasons, it would be hard to object to the expansion of the public sector in countries with scanty industrial development. In such environments, only Public Power can accumulate enough capital to promote economic change, the reasons are the inadequacy of infrastructure, the severe shortage of social investment and the insufficient accumulation of private capital, which in any event is usually wrongly employed, other causes are the primitive technology and the general lack of productivity which make impossible to break the vicious cycle of poverty. Moreover, only the State, through the exercise of its authority, is able to manage the resources available in the least costly way and to combine indispensable social reform with economic growth.

In this context, public enterprise emerges as the direct, most excellent tool of economic policy. It can rightly be said that the existence of government enterprises does more for development, even without a national plan to coordinate them, than such a plan in the absence of these agencies.

It would seem that the influence of public enterprise in determining the basic modality of development has not been fully appreciated. Management of these enterprises, in terms of their return on investment and the sector of the economy in which they operate, can result in a great variety of economic models that range from the typically liberal system to the frankly state dominated regime. The fact that its economic organs act directly in the production of goods and services allows the State to preserve a global concept of development.

An estimate of the impact caused by public enterprise on the national economy, implies an analysis of various factors: a) the power correlation of public and private sectors of the economy; b) the generation of investable funds, with particular emphasis on productivity, tariff and pricing policies; total investment and wage, and employment policies; c) the technological policies, of vital importance for nationalized indus-

try, since research can be promoted and technological developments disseminated without the restrictions imposed on private industry by profit criteria. In public enterprises, development and transfer of technology can be freely directed to the social benefit of the country.

Among the mentioned factors, the most debatable is that of pricing policies, because of its effect on all the others. Public Powers have to be extremely cautious in this regard, because, a low price policy, for example, normally implies that the Government is transferring capital to private individuals. This could be a sound measure if such a transfer of resources favored the overall economic system, which is rarely the case in actual practice. In any event, reduction of prices and tariffs leads public companies to a deficit position, preventing State accumulation of capital; such a deficit can only be made up by increased taxes or inflationary financing, a highly risky alternative for the stability and independence of the economy.

Efforts should therefore be made to keep from favoring in this way groups whose great tendency to consumption prevents capital from being reinvested. It is equally important to consider that the economic weakness of the national State, benefits multinational corporations, with the consequent danger for sovereignty.

In what refers to the number, economic branch of incidence and rentability of state enterprises, it would be impossible to determine universal and unequivocal formula; however, the undeniable fact is its growing proliferation in the world.

Socialist economies rest fundamentally on this type of organizations; its existence is a necessary condition for central planning. On the other hand, in industrialized countries, based on market economic systems, public authorities exert great influence, either through the control of the banking system or through the presence of a vast sector of state controlled enterprises.

Which will then be the role that public enterprises of "Third World" nations will play in accordance with the new direction

which is being intended for world economy? Hypothetically we could say that in most of these countries, public enterprises have been a sort of development vehicles, although its potential efficiency is enormously restricted for several intra-institutional as well as external factors. Actually, the technical quality of operating personnel, the unadequate technology they possess and, in sum, the limitations in what refers to organization, create an abuse of already scarce resources. However, the greatest restraint comes from outside, incarnated in the lack of capacity of many governments for setting national development objectives with precision and also for the subordination of the state enterprise apparatus to the interests of local and transnational industrial companies.

All the mentioned problems, find its explanation in the initial arguments of this paper. Thus, the use of state resources is conditioned by the structural characteristics of today's economic order in the world. At the same time, the rational use of those same resources, is what can open real possibilities for social change and economic liberation for those nations.

Direct or indirect activity of the public sector in economy, can, as we said before, be combined in several ways. In the last instance, the important thing is for the State to assume the process' direction and lead it to the chosen development model.

As corollary, it seems inevitable to think in public enterprises as the support for planning. If, in addition, they contribute to the generation of increased value to be used according to national requirements, they could indirectly determine a better distribution of wealth patterns in the internal, a strengthening of state sovereignty, and finally an equilibrium among the State-Nations of our time.

4. The Role of Public Administration

In this frame of reference the role of public administration takes on immense importance, as this is the Public Power's

tool to implement policies and strategies for the accomplishment of social process and social and economic development.

Although we recognize that each government must develop a line of conduct which allows it to design its own development model, certain constant administrative characteristics can be identified, particularly for the countries that make up to the so called Third World.

Admittedly, public administration is founded on, and justified by basic legal principles, that is, Constitutional ordainments. Here we find the first common premise: a good many developing countries suffer from obsolete mechanisms that make administrative structures inoperative.

A frequent situation is the absence of regulations to institutionalize and organize public action. This lack of legal bases imposes restrictions on the assignation of jurisdictions to the various State agencies, and the consequent incoherence and poor coordination of administrative actions.

The absence of a precise definition of jurisdictions has generated a hypertrophy of the para-governmental sector in many countries. While it is true that a strong group of decentralized agencies make the State an industrial and commercial agent which favors redistribution of income and promotes social development, it should be considered that an excessive proliferation of such agencies can greatly weaken the structural balance of the public sector by overloading the administrative apparatus with superfluous organizations that dissipate efforts and decrease productivity. A clear definition of jurisdiction at the central level and, occasionally, the linking of para-governmental agencies to each central unit, according to the areas concerned, would facilitate a better distribution of functions and thus a more productive administrative infrastructure of Public Power.

Moreover, planning, programming, budgeting, personnel, strategic and tactical decision making, and other systems are directly affected by this absence or obsolescence of legal

schemes which inhibit or frustrate effective performance of the public sector.

The lack of formal planning resulting in a poor definition of national objectives and a consequent vagueness in the establishment of priorities, is also a common denominator in a great many developing countries. Its negative effects are reflected in public administration in the traditional lack of coordination. Duplication of administrative action in various areas or sectors is frequent, and equally common are omissions which seriously handicap the effectiveness or timeliness of public action.

To overcome these deficiencies in the administrative apparatus of the State, a continuous program of corrective action — known as an administrative reform program with objectives, strategies and policies aimed at upgrading the administrative skill of public sectors by effecting fundamental changes in the public administration systems — is required. The subject of administrative reform has been discussed at the most varied international forums, and at this time we shall only review briefly its most outstanding aspects.

First of all, most public administrators agree that administrative reform processes involve an essentially political dimension; that is, the participation of the fundamental decision makers, the politicians. This implies a collective desire or will to promote a change of structures, a change in which public servants would of course participate by means of modern training systems so that they may be deeply involved in the social, economic, scientific and technological change of their society.

Public service should identify sufficiently in advance, the main problems that may occur in administration and work on them so that when the political decisions are made they may be as advanced as possible.

If one agrees that administrative reform means a deliberate and sustained effort to bring about structural and functional changes in public administration so as to achieve a substantial

improvement of the entire system's administrative capacity, it can be understood why this is an essential part of the general process of development and modernization for any developing country.

An administrative reform can either embrace the entire system or only several of its basic elements. In some particular circumstances, such as a structural change for example, it is common to replace all the system. In other cases, the reforming action is concentrated on certain basic elements such as training of civil servants, financial administration, organization and operation of the government machinery, relations between the central and local governments, coordination and planning schemes, simplification of administrative structures and procedures, and streamlining of administration.

It must also be admitted that frequently it will be necessary to change laws and regulations, and sometimes even the Constitutional basis of such legislation.

Causes leading to a macroreformation should be recognized and classified in four categories: a) political changes, including changes of political categories or systems; b) changes of State commitments, including the expansion of present government functions or a redistribution of jurisdictions among the central and local governments; c) new technology in administrative affairs; d) a change in the values of the social conglomerate.

After going through classical rationalism, Weber schemes and behavioral science approaches, contemporary public administration is now approaching systems theory. This gives fresh impulse to administrative reform and relates it to planning, programming and budgeting. Administrative processes must also be adapted to cybernetic systems and sophisticated social communication schemes, but should care not to depend on foreign technology.

Nonetheless, macroreforms have a high political and social cost which countries very few times can face; thus, a perman-

ent betterment of administration, based on micro reforms, must be a continuous responsibility of the public sector.

Even though the mechanics of public opinion are not highly participative in developing countries, certain pressure groups can be seen to generate reform actions. Often the public declares its dissatisfaction with government programs and policies by criticizing the administrative sector that has a more or less direct contact with the people's daily life. It may also happen that civil servants themselves, especially at the middle management level, criticize their own performance and show themselves willing to increase their productivity.

In any event, for effective implementation of reform, it is necessary to gain the participation and motivation of administrative cadres. Reform is possible when it starts within the administration itself.

It should also be noted that there is an international consensus as regards administrative reform. The growing interaction among countries which has taken place since the fifties, has heightened interest in comparative public administration, and often efforts are made to focus attention on the need for an administrative reform. Such an interest has been transmitted to international organizations, which organize meetings on a world or regional level where these propositions are discussed.

It can be concluded that the success of an administrative reform program depends on various factors, among which some of the most important are the following:

- A favorable social and cultural environment.
- Support from political leaders and administrators.
- Acceptance of the need for such a reform by bureaucrats.
- Planning.
- Specialized cadres for implementation of the reform.
- Proper timing decisions for implementation.
- Simple and effective strategy and tactics.
- Adaptation of the administrative infrastructure so that it can develop, implement and evaluate programs.

Adequate allocation of financial, material and human resources.

Even though the lack of administrative reform technology is remarkable, still certain common characteristics of all developing countries can be identified; this permits a consensus as to basic schemes in the sense that the first priority of reform efforts should be the development of administrative skill and capacity, so as to accomplish national objectives.

5. *The Legal Framework*

Administrative reorganization, indispensable for the achievement of a new international order, must take place according to administrative tradition and within a legal framework, as a *sine qua non* for its accomplishment within a State of law. This legal framework can be viewed from a threefold perspective: i) international and community law; ii) constitutional law; and iii) internal administrative law.

i) *International and Community Law*. It can no longer be accepted that there are two distinct groups of states, one of which is civilized while the other is not, and that only the will or recognition of the former can be the basis for international legal norms. At least the states that have been admitted to United Nations membership — in recognition of their appropriate political structures and on the fact that their governments can ensure the observance of universal moral and legal values —, should be granted the possibility and power of influencing development and changes of international law. International norms cannot be regarded as such unless they are adhered to by the large majority of states. This necessarily means that there is a continuous process of evolution which closely concerns the contents of international law; thus, the principles and methods of international economic development lead to the creation of internal organizations and of a totally new international law.

Public administration of developing countries is profoundly affected by changes in international law as regards: a) owner;

ship law, foreign investment and nationalizations; b) territorial waters and patrimonial waters, as well as marine and ocean bottom and subsoil rights; c) the right to form associations of raw material producing countries; and, d) community law (or integration law) of developing countries.

a). The only two international standards which must be observed by public administration in effecting nationalizations, are that such an action be decreed in good faith as a measure to satisfy public requirements, and that it does not discriminate between nationals and foreigners.

Legally, nationalization cannot be confused with expropriation. Nationalization is not a derivative deed of dominion but an action taken by a government for the better management of the nation's economy or for its reorganization, and by which private ownership of a large or important enterprise becomes community property in a general or impersonal way, while remaining under the dominion of the State (either directly or through special representative agencies), so that it may continue to operate them in keeping with public interest requirements.

On the contrary, expropriation in the cause of public benefit is rarely of production means, but rather a secondary administrative measure that may affect both rich and poor, and which is usually of real property not used as a wealth generator.

There are no international sentences on the matter later than 1933, and facing new juridical events there is no point in citing rulings or doctrines prior to these. International events in the last fifty years have given rise to a form of deprivation of private property incompatible with traditional standards valid for the expropriation.

Nationalization of natural resources is an exercise of a State's sovereignty and, as it takes place before compensation, it does not affect the prior transfer of domain of the nationalized company or companies. There is no rule in international law which imposes as the price of certain expropria-

tions — not nationalization — “full, prompt and effective compensation”. Not even the abolition of slavery would have been possible if absolute respect of “private property rights” and acquired rights were to be observed. It should also be stated that not only there are no universal conventions or international jurisprudence on the matter, but that any restrictions to the right of nationalization beyond the specific possibilities of the nationalizer, would be a limitation of the principle of sovereignty of developing countries over their natural resources. In international law, as in internal law, “reasons or motives of public utility, national interest and security, are recognized as being above others to the mere particular or private interests, both national and foreign.” (Resolution 1803, December 14, 1962, UN General Assembly.).

b). Without extending territorial waters to the 200 mile limit, as has been validly proposed by some Third World governments, the defense of nation's maritime resources makes a 12 mile limit appropriate if joined inseparably to an economic jurisdiction over waters 200 miles from their coast line, the so called patrimonial waters — over which the claiming government has no political or military sovereignty but does have effective administrative, economic and financial dominion.

The sea and ocean bottom and its subsoil outside the limits of patrimonial waters, as well as other resources in the area, are the common endowment of mankind. All states should ensure that the exploration and exploitation of such areas and their resources be done solely for peaceful purposes and that any benefits gained be shared equitably among states, taking into account the special interests and needs of developing countries. It would seem that the establishment of an international regime for sea and ocean resources by means of an international agreement can no longer be postponed. Such an agreement should include appropriate international mechanisms to make its provisions effective.

c). International law currently in effect specifies that all States are entitled to form organizations of raw material producers so that they may develop their national economies and secure stable financing for their development, and by so

doing, aid in the promotion of sustained growth of the world economy, especially by accelerating the growth of developing countries. Therefore, it is the duty of all States to respect this right by abstaining from exercising any economical or political measures that might restrict it.

d). The establishment of permanent regional, subregional or interregional systems for integration as well as for consultation and coordination of Third World positions at international economic forums and organizations, must be institutionalized by means of concrete mechanisms, such as those derived from the Cartagena Agreement (Andean Pact) and the SELA (Latin American Economic Association). Among their main objectives, some tentative subjects of regulation might be the following: creation and strengthening of multinational enterprises, for example, Latin American corporations for the better utilization of natural, human, technical and financial resources of member countries; increased production and supply of commodities with special emphasis on food supplies; regional and subregional industrialization, by processing raw material in the Third World and promoting regional and subregional exchange and exportation of manufactured goods; organization and strengthening of mechanisms and forms of association that will allow developing countries to get fair prices and ensure a stable market for the exportation of their commodities and manufactured goods; regional and subregional promotion of communication and transportation means; implementation of emergency mechanisms for the aid of countries faced with emergencies; ensurance of preferential treatment for countries with less economic development and those with a limited market within the Third World; improvement of bargaining power for the acquisition and employment of capital goods and technology and the channeling of financial resources to projects and programs that will stimulate the development of Third World countries; and subordination of transnational companies to regional objectives by means of a common treatment regime for foreign investors.

The many common denominators that still persist among these countries should not hide the differences that enrich

their community experience. There are substantial differences among subregions and countries that make flexibility of implementation of any program advisable. The following guidelines might be followed for this purpose:

a) After intraregional coordination of community administration has been ensured by an extensive "frame of reference treaty" ratified by the corresponding national powers, its increasingly compulsory application on a subregional scale might dispense with the rigidity of international treaty law and be based directly on the source document: the "frame of reference treaty".

b) In consequence, all derived agreements would be binding for the contracting parties merely by virtue of their compatibility with the "frame of reference treaty", if so recognized by the latter's authorities, and thorough its incorporation in all countries by means of simple executive decrees dictated in pursuance of the initial and only legislative authorization.

c) Attributions thus assigned to regional and subregional organizations are not to be understood as a restriction or delegation, but rather as the expansion of internal public power by a sovereign act. It is not a question of delegation of sovereignty but of making their attributes be recognized in a broader context and with greater possibilities of future validity, because sovereignty, if stifled in a small space, runs a greater risk of being dominated.

d) If sovereign attributes are assigned to community organizations, their actions, especially when preceded by the resolution of an intergovernmental meeting, are directly binding on public powers as well as on individuals and corporations of the various parts, as an immediate consequence of the concept of community.

e) Conformance of community actions with the "frame of reference treaty" and with agreements derived from it, should be determined or appraised by contentious-administrative and not a judicial jurisdiction.

ii) *Constitutional Law*. The progressive development of these legal guidelines as a basis for an administration for change in developing countries, brings us now to the Constitutional framework, within the field of internal public law. As a synthesis of a plan for the economic and social life of a people, the Constitution makes three contributions to public administration: 1) definition of the political criteria which govern it; 2) incorporation into the Constitution of new principles of international and community law; and 3) incorporation into the Constitution of the main subjects of administrative law.

Democracy is not only a legal structure and a political regime but a way of life founded upon continuing economic, social and cultural improvement of the majority of the citizenry. In this second half of the 20th Century the principal actor in this process of democracy improvement is governmental power, acting through its plans for an infinity of public service organizations. To the extent in which the structure and function of these organizations is defined by the text of the most advanced Constitutions, we can speak of administrative law as specific Constitutional law.

The San Francisco Charter posits the equality, independence and sovereignty of nations as the pillar of the present legal organization of the international community. Given the heterogeneity of this community, the position of a Third World nation concerning international issues must be clearly defined by the Constitution. For example, the supremacy of national law and courts in conflicts involving foreign corporations or individuals; the distinction between nationalization and expropriation; the nation's exclusive sovereignty over 200 miles of patrimonial waters and its participation in the exploration and exploitation of the sea and ocean bottom and subsoil; the objectives of interregional, regional and subregional integration mechanisms in association with other developing countries, so as to gradually arrive at a definition of Community law, concurrently and even exclusively entrusted to institutions which originate from a "frame of reference treaty" and the agreements derived from it; the natural expansion of sovereignty; etc.

Both administrative control and action, require clearly defined general principles, endowed with the stability afforded by Constitutional status. Liberal constitutions took a defensive stance with regard to the administration and tended more to restrain its powers than to favor expansion fulfillment of its duties. A coherent revision of this obsolete attitude is urgently needed.

Among the four main categories of obligations or trusts of governmental power (essential services, public utilities, social services and private services taken on by the administration) it would be wise to decide which are to be reserved exclusively for the country's administration; which for nationals of the country; which permit the participation by concession of foreigners; and finally, those which would require only an administrative authorization for their performance. The determination of the domain of regulatory authority in certain areas, as regards administration actions, would reserve unto formal law only the main "frame of reference rules" for administrative control and action.

As to personnel, including officials as well as all employees of public institutions, it would be an incentive for them and a guarantee of good service if the Constitution were to institutionalize their labor rights in the context of career civil service, social labor law and social security.

The fluidity of the organic boundaries of public institutions in their relationships of subordination and coordination seems to call for a flexible but clear Constitutional definition, whose outlines would obviously be developed by the Organic Law of the State. Non-concentrated or autonomous corporations, public enterprises and those in which the government participates, etc., urgently require a formal and material regulation, even though the drafting of such rules must necessarily be difficult because of the continuous evolution taking place.

iii) *Administrative Law*. The term "administrative hexagon" refers to six priorities: a) the free and efficient access on the

part of the majority of the citizenry to all the goods and services of the community; b) the decision of a new public power to rationally absorb our growing unemployed population on the basis of a powerful social benefit oriented administration which would in turn mark the beginning of a dynamic reorganization of land and other currently idle economic sectors; c) the full participation of the majority of the people in such a social benefit system; d) an end to the schism between State and society by breaking down feudal power sectors; e) the extension of sectors and managerial improvement of government services, both central peripheral, as well as of those which are decentralized or para-governmental; the attenuation of the socioeconomic deformation and domination exercised by external power centers.

The concrete prospects of these six priorities are various. By way of example we shall note the following: planning and decentralization; foreign investment; transfer of technology; bankig and credit, and housing and urban development.

6. *Final Considerations*

After an examination of the political, economic, administrative and legal factors which are involved in one way or another by the Charter of Economic Rights and Duties of States, we should like to briefly discuss some issues we consider of special importance. The first refers to community participation in the strategies and policies of governments aimed at the accomplishment of social development of the peoples they serve.

Regardless of the kind of political system prevailing in a society, it is obvious that the public powers that regulate that system cannot be effective without the support and participation of the people. We have posed the main problems of underdevelopment, dependence and the internal imbalance of countries due to these two factors. It should also be noted that one of the most basic instances of imbalance is the lack of participation, and in this regard the problems of sectorial and

regional concentration are particularly important. Political centralization favors dependence; it prevents the participation of citizen majorities in decision making and preserves a state of affairs in which the members of a community cannot directly claim satisfaction of their requirements. This is the reason for the importance of political decentralization, the results of which should extend down to the smallest population centers, permitting the creation and multiplication of new channels for citizen participation, councils and truly representative assemblies.

Decentralization of political powers should go hand in hand with administrative and economic decentralization. The former involves the search for technological alternatives not copied from models in industrialized countries. The latter is an indispensable requirement for sound operation of an overall decentralization strategy.

However, decentralization for the mere sake of being up to date with the latest political theory, may bring about serious disruption of the original politico-administrative structures if actual social demands are ignored and if its feasibility is not carefully analyzed.

Decentralization is a vital need, but it must be accomplished according to properly organized programs; decentralizing structures which are already efficiently organized so that the result will be efficient commitments and actions outside the central apparatus. The only way to achieve decentralization without disruption is by appropriate information of the citizenry and its participation. Decentralization should only be undertaken if there is assurance of a high productivity, as a result of such an action, both in the economic and administrative spheres.

The modern world is undergoing profound changes of values. If political and administrative structures are sufficiently flexible and permeable they will be able to adapt to mankind's axiological changes and — if they actually represent the majority of the people —, may even be the guides and leaders of such changes.

Government is not an easy task in any country of today's world. We need political and administrative systems that can respond to the increasing social requirements, because only by means of efficient political administrative structures can the great universal demand for change be satisfied.

The establishment of the new order and its adjustments, must bring revisions and in some cases major structural changes. Appropriate political administrative structures are necessary for the accomplishment of policies on regional integration and on utilization of natural resources for the benefit of the citizens of the country in which they are located, and also in order to gain greater participation of Third World countries in international decisions.

This has been the concern of a group of public administrators who believe that the lack of appropriate administrative structures is an obstacle and perhaps even a permanent block in the way to a new social and economic order. For this reason, we think the message delivered by President Luis Echeverría in his address to the Plenary Assembly of the United Nations Conference on Trade and Development in Santiago de Chile in 1972, is of essential importance:

"The construction of an economy for peace is, at this time, the first duty of the international community, while a refusal to cooperate in the effort to decrease the disparity among peoples, would prevent the principles of the United Nations from becoming a reality.

We urgently appeal to those who decisively influence the conduct of world economy and also to the representatives of those countries that have everything to expect from our discussion. We do so in the certainty that, in times of crisis, such a policy is the only means to unite the forces of hope. The task of our age is to transform all the ferment of discontent into an organized energy that will work for progress in freedom."