These restraints to economic development, however, were partially reduced by the 1977 devaluation of the Mexican peso, and have been further aliviated by opportunities created by the advent of oil income and the establishment of national planning mechanisms. The developments have, in turn, stimulated GNP growth (from 2.1 percent in 1976 to 8.0 percent in 1979); employment growth (4 percent) which, for the first time, exceeded population growth; strengthened public savings (18.3 percent in 1978 compared to an annual average of 1.7 percent from 1971-77); lower public debt (7.7 percent of GDP in 1978 versus 10 percent in 1976); and increased investment levels (15.8 percent in 1978 and 18.0 percent in 1979). (Table 2). The improvements in the economic performance of Mexico have also stimulated social returns. While the population growth rate declined to 2.9 percent in 1979, the educational, health and other social services have increased, indicating for the first time in many years, a trend toward enhanced well-being.

3. Macroeconomic Trends and National Planning Mechanisms

The national plans of Mexico (Industrial Development Plan of 1979-1982, and the Global Development Plan of 1980-1982), while recognizing the essential social objectives of economic development, place their primary focus on altering the structural weaknesses of the Mexican economy. The removal or minimization of these constraints is seen as the fundamental means to realize the social ends of employment growth, income improvements, and other human concerns (Tables 3 & 4).

Weaknesses addressed by the national plans include an excessive reliance on the domestic market, production oriented to import substitution rather than international trade, small plant size with low productivity, the inability to achieve cost competitiveness, control of much of private industry by MNE's and large oligopolistic enterprises (especially in high growth sectors), the lack of vertical integration in industrial production, and an excessive reliance on raw material exports rather than trade in further processed goods. The differential rates of economic development within Mexico add to these structural problems by creating a regional concentration of domestic demand, producing industrial congestion at high social cost. Therefore, the plans attempt to foster the basic reshaping of the industrial structure by encouraging export development, regional decentralization, growth in small industry, and the greater manufacture of intermediate and capital goods.

At the same time, a focussed increase in the production of selective consumer goods was intended to more adequately satisfy urgent social needs in demand and the constraints