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REPORT OF COMMITTEE I: DEVELOPMENT PLANNING

Rapporteur: Mr. González Campo (Guatemala)

A. MEMBERSHIP AND WORK OF THE COMMITTEE

1. Committee I conducted its proceedings under the chairmanship of Mr. Pardo (Bolivia), with Mr. Gonzalez Campo (Guatemala) acting as Rapporteur. The Committee was formed by representatives of the following countries members of the Commission: Mr. San Miguel and Mr. Parry (Argentina), Mr. Brathwaite (Barbados), Mr. Souto-Maior, Mr. Sette and Mr. Paes de Carvalho (Brazil), Mr. Knowles (Canada), Mr. Aguirre (Chile), Mr. Méndez (Colombia), Mr. Cossío (Cuba), Mr. Ulloa Santamaría (Ecuador), Mr. Le Guay and Mr. Toussaint (France), Mr. King (Guyana), Mr. M. Martínez and Mr. Colindres (Honduras), Mr. Brice (Jamaica), Mr. Whitfield (Kingdom of the Netherlands), Mr. Zamora and Mr. Alvarez (Mexico), Mr. Navarro (Panama), Mr. Ramírez Russo (Paraguay), Mr. de la Melena (Peru), Mr. Lutchman (Trinidad and Tobago), Mr. Ashby (United Kingdom of Great Britain and Northern Ireland), Mr. Van Hout and Mr. Dunn (United States of America), Mr. Hurtado, Mr. Lollet, Mr. L. García and Mr. Hernández Paz (Venezuela). Mr. Silva (British Honduras (Belize)), participated as the representative of an associate member country. The meetings were also attended by the following observers: Mr. Maehara and Mr. Noguchi (Japan), Mr. Rydzewski (Poland), Mr. García Miranda y Rivas (Spain), Mr. Nikolaev (Union of Soviet Socialist Republics), Mr. Lara and Mr. Matus (Latin American Institute for Economic and Social Planning), Mr. Bustamante (ILO), Mr. Schatan (FAO), Miss Vieira Méndez (UNESCO), Mr. Rey Alvarez (IDB), and Mr. Bigagli (World Federation of Trade Unions).
2. Committee I held five meetings, and its findings are embodied in this report.

B. SUMMARY OF THE DISCUSSIONS

3. The Committee based its discussion of the agenda item it had been asked to consider on the secretariat document entitled Planning in Latin America (E/CN.12/772). It also took into account the provisional text of the section on Latin America in the report of the second session of the United Nations Committee for Development Planning, which had been distributed as an information document.

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4. Both in the background documents and during the discussions, the view was expressed that the time was ripe for an analysis of planning problems. Planning in Latin America had gone through its first stage, so to speak, and very significant advances had been achieved. However, in several instances progress had not been maintained, and there had even been some definite setbacks, which, unless counteracted, would foster or strengthen a growing scepticism about planning.

5. Only a short time has elapsed since systematic planning was first started in Latin America. Since it is such a recent development, it is easier to evaluate the progress represented by the establishment of specific planning instruments, the training of specialized personnel, the adoption of more rational criteria for the allocation of resources, the progressive elucidation of development problems and the measures required to solve them and many other direct and indirect contributions attributable to planning.

6. It was pointed out in the discussion that while great strides had been made, serious difficulties and obstacles were impeding the improvement of planning systems and plan implementation. In several cases, once the momentum acquired by preparing the first overall plans had spent itself, the tempo slackened when it came to expressing them in terms of economic policy programmes and operational plans. At the same time, the definitions of long-term development strategy have continued to overlook basic aspects of development policy, and machinery for the review, updating and evaluation of the plans formulated has not been established.

7. Some of the problems are due to internal causes, ranging from factors of a very general nature, such as the continuity or the extent of political backing for planning, to others related to the defective functioning of the planning machinery. In addition, there are difficulties of external origin, mainly related to the instability, unsatisfactory terms and insufficient growth of external trade and financing.

8. The discussions of the Committee gave rise to a comprehensive exchange of experience among the participants, which demonstrated the considerable progress made in some countries in some respects and the various obstacles encountered. Broadly speaking, the conclusion was drawn from this exchange of experience that defects in plan implementation are the result either of deficiencies in the planning process as a whole, or reflect limitations inherent in the institutional and

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economic environment in which that process develops. That environment and the maturity shown in the conduct of planning activities, helps to account for the differences in the amount of progress made by the countries of the region, and shows that the improvement of planning systems cannot in itself ensure speedy success.

9. The statements made in the Committee indicate that in some countries, progress was easier because the planning effort was carried forward under conditions in which a specific development strategy could be applied because it was supported by determination on the part of Governments to take action. In one case, planning began at a time when the country's development had to be reoriented in accordance with a growth model based on import substitution, abundant resources were available for that purpose and the enterprise was favoured by a change of government. In another, planning was stimulated by the decision of a group of countries to integrate their economies and integration opened up significant new import substitution opportunities at the regional level. In a third instance, planning served as an indispensable instrument for implementing the decision to reorganize the economy along socialist lines. A different situation prevailed in other countries, where the planning effort was launched at a time when the growth potential of import substitution was beginning to weaken, and new development strategies, not yet sufficiently clearly defined, were required. Of course there are also intermediate cases in which circumstances have been propitious for the partial progress described by a number of delegations towards regional programming within individual countries, the devising and application of short-term operational measures and the strengthening of certain public investment or financing programmes.

10. Clearly, then, one of the main objectives of planning must be precisely to help define a viable development strategy. In the course of the discussion, it was repeatedly pointed out that in the absence of clear-cut development policies, it was much more difficult to give a pragmatic content to the planning effort, and formal or methodological considerations were apt to predominate; that the planning agencies had fewer chances of rapidly acquiring the necessary prestige, and incentives for close contact with the government authorities were also fewer; that it was harder to find leaders and skilled personnel to promote and sustain the planning movement; and that there was little likelihood of achieving a consensus on basic development objectives, and therefore of compatibility between the primary concerns of the national authorities and those of the basic /sectors of

sectors of the community with respect to the content of the plans. This set of problems would be all the more complicated if, as was generally the case, there were also external trade and public financing problems which made it more difficult to reconcile long-term objectives with the urgent demands of the moment.

11. From the national experiences described in the Committee, it can be inferred that since planning is a new process, it will not mature or be consolidated quickly enough unless there is continuity in planning activities and stability in the composition of the technical teams responsible for planning. In some cases setbacks or lack of progress are linked to changes of government which affect planning machinery, although, of course in other cases such changes might have favourable effects. Hence, it is important that plans should reflect initiative, ability and a technically objective approach should be linked from the outset to the problems which directly concern the policy makers, and should effectively meet each country's priority needs.

12. Some of the country experiences described in the Committee also stressed the influence which planning could exert on the administration depending on its flexibility and efficiency. In some cases, it has been possible to give the planning organs greater weight in the administrative structure and gain acceptance for technico-economic criteria. If, on the contrary, as has been the case in other countries of the region, planning has to co-exist with an antiquated but time-honoured public administration, there is a stronger tendency for it to work in isolation, unless substantive programmes of administrative reorganization are undertaken at the same time.

13. These difficulties were identified by the Committee on the almost unanimous assumption that effective means of overcoming them could be found within the framework of the market economy system. But one delegation expressed the opinion that planning could not be successful in the political and economic framework existing in most of the Latin American countries, since fully effective plan implementation would call for radical changes producing a situation in which the State could adopt direct decisions on the allocation of basic resources.

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14. With due regard for the problems connected with the general content in which planning takes place, the Committee also discussed more specific aspects of the question. For example, it was stated that long-term plans and immediate action programmes should be concurrent and complementary. Both to facilitate the rapid consolidation of planning machinery and as part of the permanent function of planning, it is essential that broad general principles should be converted into short-term approaches and policies, including policies designed to reconcile development objectives with the control of inflationary pressures and other imbalances.

15. The experience of some countries has also produced some interesting results in the strengthening and placement of technical cadres. Unless planning bodies acquire prestige and status in the administration, there will continue to be frequent shifts of top-level officials. On the other hand, planning offices which have greater prestige cannot only retain their best qualified staff, but can transfer some of the technicians they train to other administrative bodies, thus strengthening the links between the latter and the central planning machinery.

16. Another subject discussed by the Committee was that of relations between the planning machinery and the entrepreneurial, labour, rural and other social sectors. Their participation is important, even if there are disputes on planning policies, since lack of communications deprive the planning bodies of very valuable information concerning opinions, possible reactions to alternative economic policy measures or constructive suggestions. Their participation, moreover, is one of the important means of gaining support for and strengthening the action of planning, and contributes materially to the achievement of plan objectives.

17. Throughout the discussion, the Committee recognized that all these questions have methodological aspects which must be studied in depth and that planning systems should be completed. In this connexion, special emphasis should be placed on the consideration of annual plans, the

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improvement of procedures for data-collection and research and of methods for dealing with such problems as the control of inflation, income distribution and employment policy. It was generally agreed that national development plans should deal explicitly with the various problems relating to human resources.

18. In discussing procedures for short-term programming consideration was given to the progress made in several countries in such matters as the preparation of short-term models, economic indicators, investment-financing balance-sheets, and follow-up of the execution of basic high-priority projects. Attention was drawn to the need for closer co-ordination between planning and monetary and fiscal policy.

19. The Committee recognized the need for formulate and implement annual plans as an instrument for combining and integrating the elements arising from long-term policy, the effects of market trends and improvements in the operational capacity of the national administration. There was an exchange of views on the problem of specialized personnel to perform those duties. The opinions expressed on this subject were, on the whole, in favour of the idea of allowing groups of officials to specialize, provided that their work remained closely related to that of the staff dealing with the longer-term aspects of planning.

20. Throughout the discussion, repeated stress was placed on the co-ordination of national development plans with Latin American economic integration. Unless deliberate efforts are made towards that end, rigidities may be accentuated by integration, it may be difficult to accelerate the pace of integration and to recondition certain activities, or production methods may be developed which are inefficient from the standpoint of regional integration. Moreover, a purely restrictive approach, i.e., one directed towards ensuring that the content of national plans does not endanger regional integration, is not satisfactory either. The aim should be rather for national planning to make a positive contribution to the achievement of integration targets.

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21. It was also agreed that the co-ordination of plans and progress in national planning were interrelated, since the harmonization of national plans for the purpose of achieving integration targets would increase the need to improve those plans, so that each country could form a clearer idea of the opportunities offered by integration and weigh its effects on the domestic economy. Each country would then have objective technical criteria on which to base action to ensure its participation in the integration process.

22. Some delegations emphasized that agreements should be concluded as soon as possible to foster the exchange of experience as a first step towards the gradual co-ordination of some features of national programmes and the more rapid implementation of complementarity arrangements, joint programmes in basic industries and sub-regional agreements and towards expediting the balanced development of infrastructure and the utilization of technological and scientific advances, in response to the desire for integration expressed in the Declaration of the Presidents of America. One delegation pointed out, however, that the co-ordination of national plans could take place only within the framework of absolutely uniform objectives and intentions. Other delegations expressed the view that those questions should be dealt with in accordance with the procedure of existing integration systems and the decisions made by the Chiefs of State at Punta del Este.

23. That view is based on the premise that the application of the decisions on Latin American economic integration made by the Chiefs of State at the Punta del Este meeting must to a great extent be a planned process and that it will be all the more effective as greater progress is made in national planning.

24. The Committee devoted some attention to the external obstacles to plan implementation described in the background documents. In that connection, the view was expressed that the adoption of new procedures

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for external financing directly related to the preparation and implementation of development plans had proved to be a powerful stimulus to Latin American planning, and similarly, that subsequent trends in external assistance and some tardiness in plan evaluation had had adverse effects on those efforts.

25. The Committee agreed that in view of the progress achieved, balanced against current difficulties and the new demands made on planning at the present stage of Latin American development, it should emphasize the need to intensify efforts to improve what had already been done and to continue the technical help being provided by a number of institutions. These considerations were summarized in a general draft resolution on planning in Latin America. With regard to that draft resolution, one delegation requested that note should be taken of its observations concerning regional integration and the decisions taken at the recent Punta del Este meeting, as recorded in the relevant summary record.

C. RESOLUTION APPROVED

The Committee approved the following draft resolution, which is herewith submitted for consideration at the plenary meeting.

PLANNING AND DEVELOPMENT

The Economic Commission for Latin America,

Considering that through the planning efforts of the Latin American countries significant headway has been made as regards the direction and effectiveness of economic policy, the identification of the obstacles hampering development and the establishment of priorities for, and the co-ordination of, public sector activities,

Recognizing that the problems arising at the present phase of Latin American development call for a number of substantive improvements in the strategic features of plans and for new approaches be worked out in greater detail in such aspects as regional economic integration, the pattern of external relationships, employment and income distribution policy, and the relations between those aspects and industrialization policy,

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Bearing in mind the need to accelerate the process of improving planning systems, with special reference to the implementation phase and the extent to which plan objectives are attained,

Recognizing that planning systems have not yet been fully organized and that it is essential to improve their efficiency and balance by introducing new features to complete their sphere of action, particularly in the matter of links between long-term objectives and the need for immediate action,

Taking into account that planning is hampered by factors of a different type, including those of an administrative and technical nature, and by obstacles created by the conditions governing foreign trade and external financing,

Decides:

1. To take note with satisfaction of the study on planning in Latin America (E/CN.12/772), prepared by the secretariat, and of the section relating to Latin America in the provisional report of the second session of the United Nations Committee for Development Planning;

2. To recommend that the Latin American Governments should intensify their current efforts to improve and extend the scope of planning systems in accordance with a development strategy appropriate to the economic and social circumstances of each country and of Latin America, and should, in particular:

(a) when preparing their national plans, strive to co-ordinate them in order to attain objectives in line with the decisions concerning Latin American economic integration made by the American Chiefs of State at the Punta del Este meeting;

(b) endeavour to include specific aims and programmes for export promotion, employment and income distribution policies, and structural changes, in such a way as to make them compatible with overall targets for economic growth and the promotion of agriculture and industry, while devoting special attention to the effective programming of human resources;

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(c) endeavour, with regard to the allocation of resources, prices and general monetary, financial and economic policy, to forge more effective links between long-term planning and short-term measures;

(d) encourage the reform of administration and information systems in order to enable them to meet the requirements of planning, and programme supervision and evaluation, and the improvement of the methods used in plan formulation;

(e) establish action procedures to ensure the support and participation on a rising scale of the private sectors in the various phases of planning;

3. To recommend that the secretariat and the Latin American Institute for Economic and Social Planning should prepare technical studies, designed to facilitate fulfilment of the objectives referred to in operative paragraph 2, should endeavour to intensify, in co-operation with the International Labour Organisation and other international specialized agencies, their technical contribution to human resources programming, and should promote the exchange of experience among the planning offices of member States;

4. To reaffirm the Latin American countries' conviction that there is a need for the system for the programme financing of development plans to be expanded and for the terms of international credit to be adapted to the special circumstances of Latin America by, inter alia, extending repayment periods and grace periods, reducing rates of interest and removing restrictions which tie the use of funds to certain sources or countries.