

UNITED NATIONS

ECONOMIC
AND
SOCIAL COUNCIL



GENERAL

E/CN.12/720
15 January 1965

ENGLISH
ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA
Eleventh session
Santo Domingo, Dominican Republic, May 1965

REPORT ON THE ACTIVITIES OF THE LATIN AMERICAN INSTITUTE
FOR ECONOMIC AND SOCIAL PLANNING

With a note by the secretariat

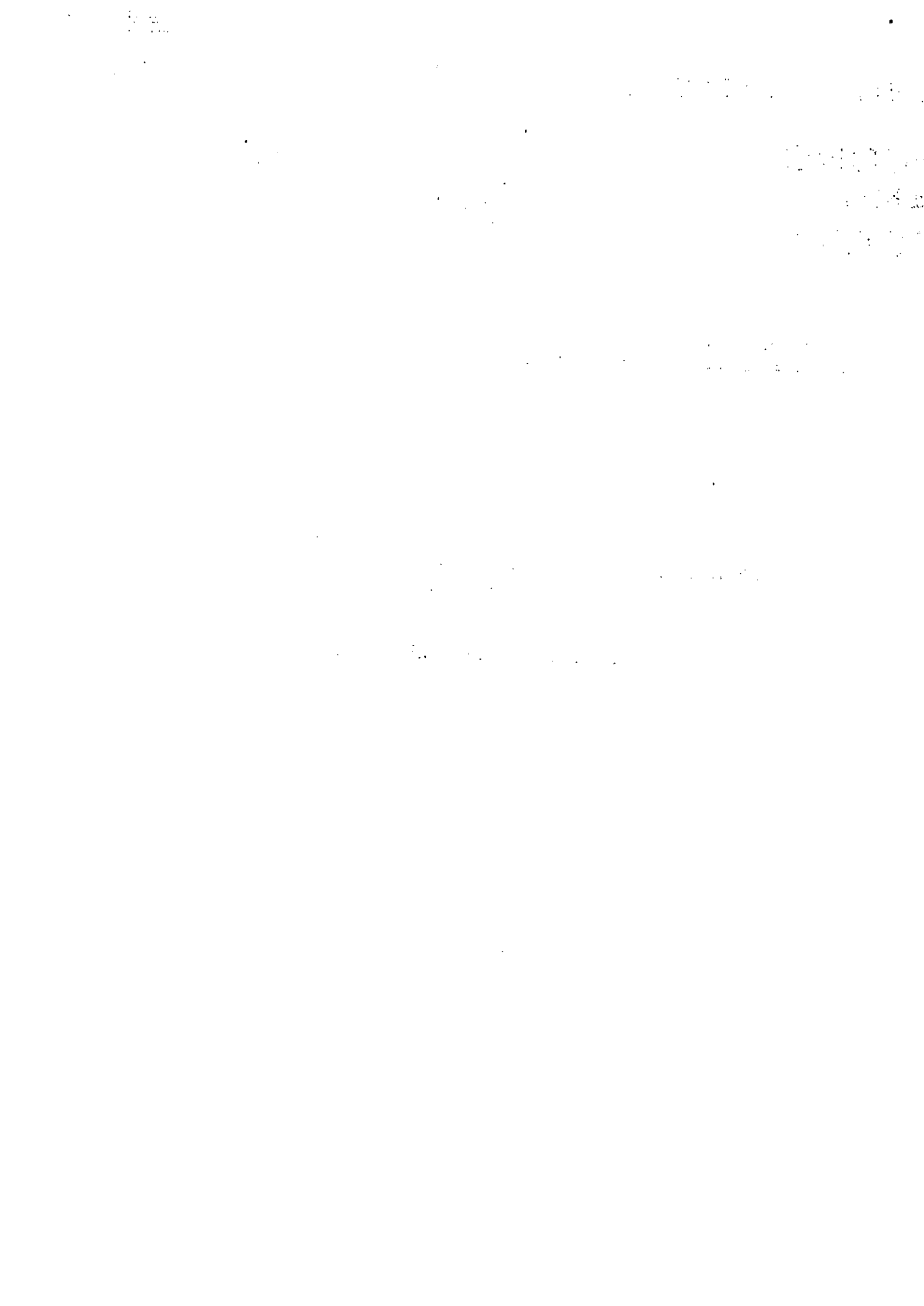


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NOTE BY THE SECRETARIAT

Under the terms of part A 2 (a) of resolution 220 (AG.52), adopted at the ninth session of the Committee of the Whole, the Secretariat of the Economic Commission for Latin America has pleasure in submitting to the Commission for consideration at its eleventh session a report on the activities of the Latin American Institute for Economic and Social Planning.



I. INTRODUCTION

In 1964, the Institute intensified its efforts in certain economic and social fields, while at the same time pursuing its training activities as in previous years.

The major emphasis was laid on research which transcended the economic realm and penetrated into the social domain, and on questions relating to natural resources, administrative problems affecting planning, the implementation of plans, integration, and human resources.

The necessary research projects for a survey of the sociological structure of Latin America had been outlined in 1963. In 1964 attention was centred on the most important of these projects, and studies were begun on the industrial entrepreneur, labour's participation in the development process and some institutional aspects of growth. All these studies bring into focus the need for an interpretation of development in the Latin American countries which combines the economic and social concepts. To that end, besides the conduct of specific social research projects, the studies on the subject which began at an internal seminar held by the Institute in 1964, and attended both by economists and by sociologists, should be continued in future.

The work done on natural resources is a new departure for the Institute. It consisted in organizing a permanent group of research workers, which embarked on two important studies on the criteria and policies to be adopted in surveying resources and in the development of water resources. The purpose of the studies, which are being carried out with the effective aid of Resources for the Future, Inc., is to determine the part played by natural resources in economic planning.

It should be noted that the Institute has gradually intensified its activities relating to economic integration. General research on this subject is being undertaken jointly with a programme of practical studies on industrial integration, which was launched in 1964 in cooperation with ECLA and the Inter-American Development Bank (IDB), and will culminate in an evaluation of integration prospects and patterns in selected branches of industry. These initial experiments in relating planning to economic integration have made it possible to incorporate in the Basic Training Course the discussion of certain integration problems from the standpoint of development plans, especially with regard to programming techniques and industrial development. These recent lines of action should be followed up actively in the future.

A study was made in 1964 of the organizational problems that affect planning in the Latin American countries. Two papers were prepared for consideration at the Seminar on the subject scheduled to be held at the Institute in July 1965, with the attendance of Latin American economists and planning officials and an expert from the International Bank for Reconstruction and Development (IBRD). Latin America is still faced with major problems in this field and it is hoped that, on the basis of the projects carried out in selected countries, the Seminar will help to solve them and provide suitable guidelines for future action.

In addition to the research projects mentioned above, others were undertaken with the specific purpose of completing the manuals on planning which the Institute has been engaged in preparing. It proved impossible to begin publishing the manuals in 1964, however. Given the coverage and depth it is felt they should have in their printed edition, an essential measure would be for the Institute economists, whose time is divided between this work and activities connected with the Training Programme and the advisory groups, to devote their efforts exclusively to the preparation of the manuals. Their other tasks considerably lessen the possibility of their being able to carry the research to the stage of publication. A special effort will be made to that end in 1965. The year 1964 was marked by the completion of the second version of the budgetary programming manual, and a large part of the one on industrial programming was revised. It is hoped that these two handbooks, another on social accounting and yet another on projects, will be printed next year. In addition, the first drafts of several texts on important aspects of economic planning were prepared. The one on economic development is ready and will have to be enlarged and completed in the course of 1965 and those on economic policy and economic analysis were also finished. Revision of these texts and of those to be prepared on agricultural programming, planning techniques and other subjects cited in the work programme should result in an active printing programme for the Institute over the next two years.

The Basic Planning Course and special courses on social sector programming were held once again at the Institute under the Training Programme. The intensive courses given in different parts of Latin America afforded a large number of officials the opportunity of acquiring basic notions of planning in their own countries. Furthermore, they made it possible to relate that knowledge more directly to national problems and needs. They also helped, directly and indirectly, in specific planning operations in the various countries.

The advisory assistance given by the Institute to Latin American countries is reviewed in the appropriate section of this report. Stress is laid therein on the need to expand these operations so as to enable countries to gain an insight into the planning processes of

other Latin American economies and thus to enrich the fund of experience which is of basic importance for both the Training Programme and major research projects.

The work covered by the present report was done with the support and co-operation of a large number of institutions. Special appreciation is due to ECLA and IDB, for the efficient way in which they co-operated in the Institute's work and also, of course, to the United Nations Special Fund, as its main source of financing.

In its special programmes, the Institute has received valuable co-operation from UNESCO, UNICEF, FAO, the ILO, the United Nations Technical Assistance Program, the Pan American Sanitary Bureau, Resources for the Future, Inc., AID and OAS (the latter assisted in the work of the advisory groups), and of course from the Government of Chile, whose hospitality and constant co-operation have, as always facilitated the Institute's work.

II. TRAINING PROGRAMME

In 1964 the Training Programme continued to follow the guidelines laid down when the Institute was established, i.e., to train technical personnel to carry out economic and social planning activities in Latin America. This was done through the Basic Planning Course held at the Institute, intensive courses in Brazil, Peru and Central America, and special training courses on educational and health planning, which also took place at the Institute, in co-operation with other international agencies. The Training Programme further collaborated in the intensive courses held by national agencies in Argentina and Paraguay.

In order to carry out this extensive training programme recourse was had to the services of the Institute's teaching staff, ECLA staff members, specialists from other international agencies, programming missions, local lecturers and other experts specially appointed by the Institute.

Furthermore, the Institute co-operated actively in revising the curriculum of the Faculty of Economics of the University of Concepción (Chile), and is beginning to establish as yet unofficial contacts with other Latin American universities with the same end in view.

Progress continued to be made in the preparation of teaching material, bibliographies and, particularly, the appropriate texts for the wide range of subjects and specialties covered by the Basic Planning Course.

/(a) Basic

(a) Basic Planning Course

The fundamental aim of the Basic Planning Course has been to provide technical training for officials playing a direct and active part in planning operations in the Latin American countries. This criterion has been supplemented by the requisite that every candidate should have an adequate university background to enable him to assimilate the subject-matter of the course. Furthermore, the participants include a group of young professional men who, even if they take no direct part as yet in the work of planning, may come to discharge important functions in public administration or university life in their respective countries.

The Basic Planning Course for 1964 opened in Santiago, Chile, on 6 April and closed on 4 December. It was attended by 68 participants from the following Latin American countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

Most of the subjects of the course, at the stages both of general training and of specialities, were taught by Institute and ECLA staff members, with the help of trained assistants. Specialists from several agencies, in particular the Latin American Demographic Centre (CELADE) and FAO, co-operated in many of the short courses and specialized subjects.

Fellowships for the 1964 Basic Planning Course were provided mainly under the United Nations Expanded Programme of Technical Assistance. Others were financed by UNICEF, IDB or AID, while some participants held fellowships granted by their own Governments.

The first phase, that of general training, covered the following subjects: economic analysis, demography, social aspects of development, economic development, social accounting, planning techniques, preparation and evaluation of projects, analysis and instruments of economic policy and development administration. This first phase of the course comprised 285 hours of lectures and 55 seminars of two or three hours duration each.

In the second phase of the Basic Course the trainees were distributed among the following branches of specialization: general programming (13), agricultural programming (12), industrial programming (13), transport programming (14) and budget programming (16). All of these specialities had been taught in previous years, their formal content being reviewed in other Institute reports, and in some cases in the 1965 programme of work.

/Both in

Both in the general training phase of the Basic Planning Course and in the specialities, particular attention was paid to methods of preparing, evaluating and executing economic development projects. The course held on this subject in the first phase, consisting of forty hours of classes and many seminars, covered all the general theoretical aspects, with emphasis on criteria for both private and social evaluation of projects. The special courses also dwelt on the study of projects, but from a more practical and specialized angle, i.e., the distinguishing features they present in each sector, and were based primarily on the discussion of specific case studies of Latin American projects analysed and presented by the trainees themselves.

Special stress was likewise laid on methods of analysing specific situations and experiences likely to arise out of development planning in various Latin American countries and an effort was made to acquaint the students with some aspects of the social outlook, such as general problems resulting from the changes in Latin America's social structure and, in particular, the sociological factors affecting the industrial entrepreneur and agricultural producer. Major emphasis was placed on the examination of certain economic integration problems in the following specialities: development, planning techniques, economic policy and industrial programming. In this respect, it will be possible to make further progress in the next few years as and when the research on the subject is intensified.

The need to provide training for officials concerned with planning operations in their own countries has been an important factor determining the content and orientation of the Basic Course. As the planning offices' more pressing need for officials trained in the use of indispensable techniques for the formulation of plans and projects is gradually met, other requirements arise - both in the conceptual domain of economic and social policy, and at the operational level - which will have to be satisfied in the future.

(b) Intensive courses

The fundamental aim of the intensive courses is to afford a larger number of officials than the few that can attend the eight month's course in Santiago an opportunity of acquiring basic notions of planning in their own countries. Thus, the intensive courses spread knowledge of planning objectives, methods and requirements in public administration circles in the countries where they are held.

The intensive courses, like the Basic Planning Course, consisted of classes and seminars over which a strict performance control was exercised through examinations in each of the subjects covered.

/Five intensive

Five intensive courses were given in 1964, as against ten in 1963. This reduction is partly explained by the need felt in the Latin American countries for the subject-matter to include a knowledge of sectoral programming, which requires longer courses, a larger teaching staff and, in general, greater experience and effort than the traditional intensive course. Moreover, intensive courses had to be postponed in certain countries where work on the preparation of development plans had reached its peak and would have prevented the national teaching staff, experts or planning officials from taking part in them.

The programme of intensive courses included three in Brazil, one in Peru and one in Guatemala for government officials from Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

The courses in Brazil were conducted in co-operation with the ECLA/BNDE economic development centre (Centro do Desenvolvimento Economico CEPAL/BNDE). The first one, sponsored by the Banco do Desenvolvimento do Minas Gerais and the Faculty of Economics of the University of Minas Gerais, was held at Belo Horizonte from 16 March to 29 June. It was attended by 36 participants, comprising 11 economists, 15 engineers, 2 lawyers, 4 sociologists and 4 members of other professions.

The second course took place at Porto Alegre, from 20 April to 1 August, under the auspices of the Government of Rio Grande do Sul, the Faculty of Economics of the University of Rio Grande do Sul and the Banco Regional do Desenvolvimento do Extremo Sul (BRDE). In addition to the normal curriculum of an intensive course, special talks were given on public sector and agricultural programming. There were 42 trainees altogether, consisting of 20 economists, 10 engineers, 4 lawyers and 8 members of other professions.

The third course was held at Fortaleza, from 18 May to 29 August. It was sponsored by the Government of the State of Ceará, through the Economic and Cultural Development Agency (Superintendencia do Desenvolvimento Economico e Cultural - SUDEC), the Regional Economic Development Agency for the Northeast (Superintendencia do Desenvolvimento do Nordeste - SUDENE), the Banco do Nordeste do Brasil, S.A. (BNB), and the University of Ceará. In this course, special attention was paid to public sector programming and regional programming. It was attended by 64 trainees, of whom 40 were economists, 8 engineers, 12 lawyers and 4 members of other professions.

Most of the teaching staff for the intensive courses held in Brazil consisted of personnel from the Centro do Desenvolvimento Economico CEPAL/BNDE and from the Institute, Brazilian experts and other lecturers whose services had been specially contracted by the Institute. FAO co-operated in the specialized lectures on agricultural programming in the course at Porto Alegre.

An intensive course specially designed to train public sector officials, who are to form part of sectoral programming teams in the appropriate sectoral offices of the national planning system, was held in Peru from 13 April to 18 July. Besides the general training subjects, other specialities covered were agricultural programming, transport programming, industrial programming and public sector programming, great emphasis being laid on the study of methods for the formulation of projects in each sector. In all, there were 70 participants, including 51 engineers, 11 economists and 8 members of other professions. Most of the teaching staff were Institute personnel. Others who co-operated were officials of the National Planning Institute and an expert specially engaged to lecture on the preparation and evaluation of projects.

Lastly, an intensive course for Central America was held at Guatemala City from 31 August to 18 December, under the auspices of the Institute and with the co-operation of the Mexico Office of ECLA, the Joint Central American Programming Mission, the Permanent Secretariat of the General Treaty and the Faculty of Economics and Social Sciences of the University of San Carlos, Guatemala. Besides the general training programme, the specialities covered were agricultural programming and industrial programming. The course was planned and carried out in close co-operation with the Joint Central American Programming Mission and with the full participation of its experts. It was attended by 55 participants from Costa Rica (10), El Salvador (4), Guatemala (29), Honduras (4), Nicaragua (4), and Panama (4), distributed as follows: 14 economists, 3 students of economics, 12 agricultural engineers, 5 civil engineers and 2 accountants. The lectures were given by experts from the Joint Central American Programming Mission, members of the Institute teaching staff and experts specially appointed by the Institute.

(c) Special Courses

In addition to the training activities described above, which are intended to prepare officials to form part of national economic planning groups, the Institute - in co-operation with other agencies - gave special courses on social sector programming. Besides the study of subjects related to programming for each of the sectors concerned, these courses taught general concepts of economic planning techniques with a view to enabling the participants to co-ordinate their work with the central or sectoral economic and social planning groups.

(i) Course on Health Planning

As in previous years, the 1964 course, which took place from 7 September to 11 December, was organized in co-operation with the Pan American Sanitary Bureau. It was intended for high-ranking Latin American officials concerned with the formulation, execution and

/control of

control of national health plans. Its purposes were to provide intensive training in the principles and methods of health planning; to familiarize the participants with the concepts, methods and content of economic and social programming; and to encourage an exchange of information among the participants.

The course was mainly designed to provide instruction on principles and methods of health planning as part of over-all development programming in the Latin American countries. As on previous occasions, it included an intensive field experiment in a selected health area of Chile, carried out in co-operation with national public health bodies. The 1964 course on health planning was attended by thirty-four participants from Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Honduras, Panama, Paraguay, Peru and Venezuela.

The teaching staff consisted of officials from the Institute (economic development, economic planning, budgeting techniques and social planning), the Pan American Sanitary Bureau (public health and health planning methods), the Ministry of Health and Social Welfare of Venezuela (public health and health planning methods), ECLA (social development), CELADE (demography), and the School of Public Health Studies of the University of Chile (health level indicators).

The Pan American Health Organization (PAHO) granted fellowships to candidates nominated by their respective Governments and approved by PAHO and the Institute.

ii) Training Course on Educational Planning

This was attended by senior officials of Ministries of Education, Central Planning Offices, universities or other similar bodies, who are concerned with the preparation, execution and evaluation of educational plans and projects. The principal subjects covered were educational planning and its economic and social bases; educational planning methods, techniques and procedures, and their operational requirements; concepts, methods and content of economic and human resources programming. Great importance was attached to the analysis of educational planning experiences and problems in different countries, on the basis of reports and documents prepared for discussion by teams of participants under the direction of a member of the teaching staff.

The Training Course on Educational Planning was held from 17 August to 6 November 1964, under the sponsorship of the Institute and UNESCO, and with the co-operation of AID. The participants numbered 43 professionals from the following Latin American countries: Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Dominican Republic, Haiti, Honduras, Paraguay, Peru, Uruguay and Venezuela.

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The various subjects were taught by Institute staff members and experts provided by UNESCO and AID.

Fellowships for trainees offered to the Latin American Governments by AID, UNESCO and the United Nations Bureau of Technical Assistance Operations (BTAO).

III. RESEARCH

Among the Institute's activities in 1964, major importance was assigned to basic research, and the subjects covered included social development and programming, natural resources, human resources, the part played by the agricultural sector in the development of the Latin American countries, and administrative and organizational problems affecting planning. The research relating to these subjects is reviewed in the appropriate section of the present report. Reference is made here to the work of the Research and General Programming Division of the Institute.

The activities of this Division comprise three separate projects: one on economic integration and planning, a second on short-term programming, and a third relating to the role of urban infrastructural investment.

(a) Economic integration and planning

The report of the Director-General for 1963 mentioned that a start had been made on a study on economic integration and planning to explore the best way of coordinating the development plans of countries forming an integration area, and to devise a method for the purpose. In 1964, work went ahead on the drafting of a document which is basically methodological and concerned with general principles, in the sense that its aim is to determine the type of problems requiring attention rather than to draw specific conclusions; it discusses problems relating to conceptual aspects of the linking-up of integration and planning, and suggests procedures for making this linking-up process really materialize.

The document was based on the findings of empirical research. A preliminary estimate was prepared on the assumption of a given Latin American growth rate, the maintenance of the status quo as regards trade with the rest of the world, and an intensification of the integration process. Starting from these premises, study was devoted to the possibilities of additional growth - particularly in import substitution - which economic integration might open up for the region as a whole and for the major groups of countries; and an attempt was made to visualize the type of situations that might arise in separate groups of countries as regards the acceleration of their rate of development, trade balances and the structure of intra-regional

/exports and

exports and imports. An analysis was made of the growth rate likely to be attained by countries now at an intermediate or incipient stage of development, which would probably be faster than that of the more industrialized countries, because for the smaller economies the increase in intra-regional trade resulting from integration would represent a larger proportion of the balance of payments. On the other hand, the trend based on the development levels already attained by each of the groups of countries might mean that exports from the more advanced countries to the rest of the region would consist primarily of more highly processed manufactured goods. Some countries were at such an early stage of development that, if the process were left to follow its natural course, there might be little improvement in their balance-of-payments position and, consequently, in their possibilities of growth. It was also noted that, since certain Latin American countries are at a more advanced stage than others in the import substitution process, it would be advisable to devote attention to the varying role which integration might play in each case and the different strategy that should be adopted to ensure that each country's plans will allow for the possibilities opened up by the regional market. The results of this preliminary research were presented to the Governing Council in a document on economic integration and planning.

Based on the guidelines deriving from the research already undertaken, other studies were initiated in 1964 which differentiate sufficiently between the various situations and provide enough background data for appropriate conclusions to be reached that will serve to channel the integration process and enable its efforts to be taken into consideration in the Latin American countries' development plans.

The first step in this direction is to determine what favourable influence economic integration might exert in the direction of partly bridging the trade gap that is likely to hamper the possibilities of more accelerated growth for the whole of Latin America over the next few years. The aim is to estimate how much of the deficit can be covered by means of an import substitution programme for regional industries producing intermediate and capital goods, and for other industries, in countries operating within an economically integrated area. The proportion of the trade deficit which even after integration would have to be covered by an expansion of extra-regional trade could then be computed residually. As regards the relatively less developed Latin American countries, the intention is to consider roughly how far not only their large-scale industries manufacturing intermediate and capital goods, but also activities producing primary commodities and less highly processed manufactures could develop their exports to the rest of the region. If the resulting growth trends for the countries in question were to show possibilities of a trade deficit against them, or of an insufficient increase in exports to permit of their achieving genuinely active growth within

/the region

the region, or if it were realized that their sales to the rest of the region might contain a large volume of primary products and too small a proportion of more highly-processed items, consideration would be given to the types of measures that might be adopted in the interest of the countries concerned.

In recent months the number of professionals taking part in this work has been enlarged considerably, and it is hoped that more intensive research will therefore be possible.

(b) Short-term programming

As stated in the 1965 Programme of Work, the aim of this project is to see how short-term economic policy can best be related to medium and long-term development plans.

In 1964 special attention was paid to monetary and financial policy, including monetary and other aspects of the capital market and their relationship with real variables and long-term planning targets. Some headway was made in the over-all approach to the problem, and work began on a study of aspects relating to approximate variables at a lower level of aggregation. The progressive breakdown is aimed at making a separate study of the financing of the main sectors and the flows of savings between them, and at identifying the areas of the economy with which such flows are related, together with the principal instruments of monetary and capital market policy; an attempt is also being made to determine the relationship of the institutional structure of the capital market with the major financial flows.

It is hoped that this procedure will make it possible, to analyse the repercussions of a development plan on the principal features of financial policy, and the adaptation of the institutional aspects of the capital market to the purposes of attaining the plan's objectives. The causal relationships between the monetary and real variables will be considered more specifically and in greater detail at a later stage.

The rate of progress of this project in the course of 1964 was limited by a shortage of resources, and efforts will be made to increase them in 1965.

(c) The role of urban infrastructural investment in planning

In mid-1964 a research project was initiated in this connexion, in co-operation with Resources for the Future, Inc.

Its purpose is to identify the factors affecting the demand for investment funds in order to establish urban infrastructure within the context of the national economic development policy. Consideration

/is given

is given in this study to the needs arising from the urbanization process which accompanies development, and to questions relating to the growth of different areas within a country.

In addition to the preparation of the work programme, efforts in 1964 were centred on the evaluation of Latin America's experience in this field and of the statistical data available on the subject. Relations were established, too, with other agencies engaged in relevant research or planning activities, particularly in Chile.

IV. JOINT INDUSTRIAL DEVELOPMENT PROGRAMME

Half-way through 1964, a Joint Industrial Development Programme, to further the ends of integration, was launched under the combined auspices of ECLA, the Inter-American Development Bank (IDB) and the Institute. This arrangement stemmed from the tendency towards increased co-operation between ECLA and the Institute in the field of industrial development, and from IDB's growing interest in economic integration questions. Through this Joint Programme it will be possible to obtain the background data required for the gradual expansion of the planning activities undertaken in each individual country on the basis of a regional approach which will facilitate the establishment of increasingly close links between national planning and regional integration.

The ECLA/Institute/IDB Joint Industrial Development Programme is one of study and research in connexion with industrial development, to which all three of these organizations will make contributions, in accordance with a programme of work which will be periodically approved by them and will be implemented under the guidance of a Director appointed by the sponsoring agencies in consultation with one another. Broadly speaking, the Programme aims, on the one hand, at assembling and preparing the analytical material and other background information required for the energetic promotion of Latin America's economic integration in the industrial field, and on the other, at enabling national development plans to be reformulated in the light of the prospects and limitations involved in integration of the individual country markets.

Such objectives imply that the activities of the Joint Programme will basically consist in the preparation of fairly searching studies of different branches of industry, analysing possibilities and patterns for regional integration in each case. Not only may these studies come to represent specific integration programmes for major branches of industry; they will also furnish the basic material for the preparation of investment proposals in relation to integration industries, i.e., industrial projects linked to regional integration.

/As the

As the sectoral research progresses, it will give rise to project studies, which will be submitted to IDB for consideration and, where appropriate, promotion and financing. Lastly, the sectoral analyses, prepared with a regional outlook, will also be of fundamental importance for the reorientation of each individual country's industrial programming activities in conformity with certain criteria deriving from the analyses in question.

An attempt will thus be made to set in motion machinery for the systematic preparation of such technical and economic studies and background data as may be of value in enabling the Latin American countries to give all the requisite impetus to the region's industrial integration process.

The following are the branches of industry to which the above-mentioned sectoral analyses will relate: steel-making, copper, aluminium, chemicals, petrochemicals, pulp and paper, and machinery and equipment for the textile and other industries. In this group of studies, some of which are already at quite an advanced stage, a series of amplifications can be introduced in the future, relating not only to the branches of industry themselves, but also to material that will provide a basis for practical action in the spheres of national programming, sectoral integration programming, the preparation of investment proposals and the gradual formulation of an integrated industrial development programme.

The status of the various studies is indicated below.

As regards steel-making, the monographs on Brazil and Uruguay, both of which form part of the study on the Latin American steel economy, have been completed, as well as several chapters of the regional report; the final edition of the latter should be ready early in 1965.

For the textile industry, the studies that ECLA has carried out over a period of several years in respect of seven Latin American countries are available, and the reports on Argentina, Ecuador, Paraguay and Venezuela are in process of termination. An ECLA group has begun field work in Mexico, and the resulting survey will complete the series of country studies. A regional report comparing the findings of all this research, and also comprising an analysis of general problems relating to productivity, selection of techniques, economies of scale, industrial programming and so forth, will be finished within the first half of 1965.

Where the chemical industries are concerned, early 1965 was the date set for beginning a study which will place special emphasis on the analysis of specific integration possibilities by sub-groups, starting with fertilizers, and going on to alkalis, caustic soda and some of the principal petrochemical products.

/The research

The research on aluminium has already reached the stage of the report at regional level. The section on demand, which includes projections for the whole region, is almost finished, and during the next few months an analysis of supply prospects will be prepared, including estimates of production costs in alternative locations, in terms of market size, economies of scale, etc.

The study on the metal-transforming industries is still in the phase of research in individual countries. The report on the machine-tools industry in Argentina is nearly drafted; the same approach has been adopted as in the Brazil study published in 1963. Within the first six months of 1965, work will have begun on the Mexico survey, and in the second half of the year the regional report will be prepared, comparing and supplementing the country studies, and also analysing regional integration possibilities.

During 1964 a short study was completed on a programme for import substitution in respect of products of the metal-transforming industry in Venezuela, on the basis of small and medium-scale industrial activities. With regard to the manufacture of basic industrial equipment, on which studies have already been carried out in recent years in Brazil and Argentina, the end of February 1965 was the date envisaged for starting work on the corresponding sector in Mexico, so that the pertinent regional report should be ready by the close of the year.

The study on the manufacture of textile machinery, which was begun a short time ago, has also made appreciable headway. In the course of the coming months the analysis of machine-tools requirements for replacements and expansion purposes will be completed, and so will the survey of the prospects in this field. The ECLA report on the pulp and paper industry which was concluded three years ago is at present being revised and brought up to date, and a beginning has been made on the studies relating to the copper industry.

V. ADVISORY GROUPS

The Institute has continued to collaborate with the advisory groups set up by the OAS/IDB/ECLA Ad Hoc Committee on Co-operation in several of the Latin American countries. In some of these, planning activities have made substantial progress, and the first national plans or programmes are on the point of completion. In Peru, a two-year public investment programme has been established in its final form; both in Central America and in Uruguay, medium-term plans are in the last stage of preparation and will be completed shortly. Paraguay has drawn up a two-year plan covering both the public and the private sector.

/The Institute

The Institute has been able to co-operate more extensively with the advisory groups, especially in Paraguay and Peru, and has allocated increasing resources for this purpose. There are, however, significant problems which have not yet been satisfactorily solved, especially in connexion with the promotion and formulation of projects, financial programming, and co-ordination of short-term policies with the targets and objectives established in the plans, and these questions will have to be more energetically tackled in the future.

(a) Paraguay

Paraguay prepared its first two-year plan, covering both the public and private sectors. The document in which the plan is presented contains a diagnosis of the economy as a whole and an exposition of the long-term strategy deriving therefrom, as a frame of reference for the two-year targets. The private sector played a relatively active part in the formulation of the plan, especially where industry is concerned. Agricultural and industrial targets are established at the level of specific staple products. A separate summary of the plan defines the targets for agriculture, industry, energy, transport, construction, educational services, public health, housing and other sectors. The over-all compatibility of the plan's objectives is ensured by means of a rudimentary national budget, and the technique of inventories of materials is applied in order to analyse sectoral balances at the level of products. Budget programming techniques are used for the presentation of public sector expenditure. Private investment is determined only very roughly and at a relatively high level of aggregation. In each sectoral plan an account of the pertinent economic policy is given, and specific policies are co-ordinated, with particular regard to the maintenance of price stability.

Planning techniques were simplified in order to adapt them to the country's circumstances and to make it possible for an operative two-year plan, based on the diagnosis of the economy and on the proposed long-term strategy, to be formulated in a short space of time. The background data used in preparing the diagnosis must be regarded as only approximately accurate, but their practical value was sufficient for them to serve as the groundwork for the general outline of the plan.

As from the date of the General Programmer's arrival in Paraguay (September 1963), the Planning Department (Secretaría de Planificación) with the assistance of the Advisory Group, took fifteen months to formulate the two-year plan, including the diagnosis of the over-all economy and the long-term strategy. The Paraguay Plan is, of course, an incomplete instrument, but represents a useful first step in the planning process.

/The Institute's

The Institute's co-operation in the formulation of the Paraguay Plan included an important addition to its ordinary collaboration with the Advisory Groups. More than ten experts went to Paraguay, some for periods exceeding one month, in order to give general advisory assistance or to help in the fields for which the Group had no experts available. Paraguay's national accounts were prepared with the assistance of an Institute expert, who stayed three months in the country. The Institute's Social Development Programming Division collaborated in the study of general sociological questions, especially those relating to urbanization and education. Two experts also assisted in the work of agricultural programming. Yet another Institute expert visited Paraguay to study certain mining possibilities on the spot. The Institute likewise co-operated with Paraguay in the preparation of basic population statistics and in the diagnosis of the industrial and agricultural sectors and the formulation of their programmes. Lastly, an Institute expert maintained constant contact with the tripartite group in Paraguay, and in the course of 1964 made two visits to the country, spending over two months there in all, in order to advise the group on general problems.

The next steps in planning will depend upon the progress made in the integration of all sectors. In the future, obvious gaps in the implementation and execution of the plan will become apparent, and will have to be filled. As regards the national accounts, an accounting system should be instituted which will make it possible to keep a check on the application of the programme budget and to obtain the minimum data required for periodically ascertaining the financial situation of the public sector. It would also seem indispensable to tackle some aspects of public administration which have a bearing on planning. The execution of the Two-Year Plan, and the importance which will be acquired by the public sector, call for a thorough analysis of the Paraguayan administrative system and for the submission of recommendations. Lastly, some sort of machinery must be devised for the formulation of specific projects, since the complete project studies that will be included in the plan will not be sufficient.

(b) Peru

In June 1964 the National Planning Institute of Peru (Instituto Nacional de Planificación del Perú), completed its Public Investment Plan for 1964-65, in the preparation of which the Advisory Group had been co-operating. The document presenting a summary of the Plan was formally approved by the Government. The Ad Hoc Evaluation Committee visited Peru in the middle of the year, and submitted its comments.

The Plan for 1964-65 was drawn up with the principal aim of establishing an instrument for the guidance and implementation of public investment policy. Consequently, it covers mainly the programming of investment, in combination with a more aggressive

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approach to current expenditure. Public investment targets are determined on the basis of the general diagnosis of the economy, and of long-term over-all projections, broken down to the level of the most important economic activities. The Plan includes an inventory of public investment projects, indicating status (ideas relating to projects, preliminary projects, etc.) and type of financing. The financing problems of the public sector are analysed in general terms, but no specific proposals are put forward. Nor is any explicit definition given of the relations between monetary and fiscal policy entailed by the execution of the Plan. This Two-Year Plan is Peru's first attempt of the kind, and constitutes a basis for the improvement and more extensive application of planning in the future.

At different stages of the work, the Institute sent six of its economists to Peru. In the first place, Institute experts helped to prepare a general outline for a first draft of the Two-Year Plan, and to determine the relevant studies. Subsequently, advisory assistance was given in the revision of the draft in question, as well as in the preparation of the general outline for the final presentation of the Plan and in the formulation of a model for medium-term targets for the economy as a whole. Another expert took part in the preparation of the diagnosis of the public sector and in the establishment of the targets to be established for 1964-65, and also collaborated in the analysis of public sector financing; in addition, assistance was rendered in connexion with transport programming and some of the main difficulties relating to the public administration in Peru. Lastly, another Institute expert made several visits to Peru to assist in dealing with general problems.

(c) Uruguay

The Commission on Investment and Economic Development (Comisión de Inversiones y Desarrollo Económico - CIDE) has made some progress with the technical co-operation of the Advisory Groups, in the formulation of a plan for the next three years within the context of a ten-year plan, describing long-term policy in broad outline and indicating the targets to be attained. The plan is based on a comprehensive diagnosis of the economy to which a great deal of care had to be devoted, since it was the first complete structural analysis to be made of the Uruguayan economy and its development problems.

In both the three-year and the ten-year plans, programmes for agrarian, public administration and tax reforms are included. In the three-year plan, considerable attention is devoted to the financing programme, from the angles of monetary, exchange and credit policy. Similarly, a plan of action for the public sector is in process of formulation, establishing the targets to be attained by State productive activities and including the investment projects for

/which each

which each of the public-sector agencies is responsible, together with the types of private-sector projects to which the formulators of the development plan assign the highest priority.

The plan comprises specific analyses and orientations of development policy in respect of agriculture, industry, transport and communications, education and housing. Particular importance is also being attached to the preparation of detailed programmes for specific industries and to the promotion of projects in several of the above-mentioned sectors. Work is at present being concentrated on these aspects of the problem, and on the devising of short-term (one-year) policy essentially linked to tax, customs tariff and exchange measures.

All these plans, to be completed within the next few months, constitute an economic developing programming effort which incorporates, in addition to the diagnoses and the over-all and sectoral targets and programmes, a whole set of reforms and measures relating to policy and administration that are deemed indispensable for the attainment of the objectives proposed, and also takes into consideration, through financial and monetary programming, the short-term problems that are most urgently clamouring for solution.

The Institute has collaborated in these activities from the outset, particularly in the fields of administration and organization, industrial and public-sector programming, and projects, as well as in the diagnosis of the economy and the more general aspects of the plan.

(d) Central America

The Advisory Group has been co-operating with Governments in the formulation of the five Central American countries' national programmes, some aspects of which have been co-ordinated at the regional level. Planning activities at first consisted in the organization of national planning offices, and the formulation of standard methodologies for planning and of detailed programmes of work designed to facilitate the co-ordination of objectives and policies. In the course of 1964, the revision of the national accounts of the various countries was completed; diagnoses of the national economies were prepared; and progress was made with the various plans which it is hoped to complete within the next few months. These plans relate mainly to public investment, although they will also comprise the most important of the projects to be undertaken by the private sector. In the first of these two contexts, programmes of a regional character which had been previously studied and agreed upon by the Governments concerned were incorporated in national investment proposals. In the specific case of the road network, national programmes take into account the Central American highway plan, and in the electric energy sector some projects for interconnection among the countries of the area are considered.

The Institute took part in the work of the Advisory Group through the Mexico Office of ECLA - the Director of which is a member of the Ad Hoc Committee on Co-operation set up by OAS/IDB/ECLA - the Secretariat of the General Treaty on Central American Integration, and the Central American Bank for Economic Integration. In addition, the Institute co-sponsored a seminar on administrative problems of planning, held at the Advanced School of Public Administration for Central America (ESAPAC) in San José, Costa Rica, besides carrying out a second intensive course on planning and evaluation of projects whose content is reviewed elsewhere in the present report.

(e) Bolivia

After the completion of Bolivia's long-term plan, which was prepared with the technical assistance of an ECLA group, FAO and the United Nations Bureau of Technical Assistance Operations, a small group of experts was kept together to work directly with the Bolivian Planning Department (Secretaría de Planificación). This group helped to formulate Bolivia's first Two-Year Plan, and has continued to co-operate in the work of preparing the one now being drawn up for the next two years. During 1964, the Institute and ECLA discussed with the Bolivian authorities the needs and requisites for the new phase of planning, geared mainly to the execution and practical application of plans, and considered the necessity of seeking new patterns of technical assistance whereby more permanent and efficacious help can be given. In the course of the year, some additional experts joined the group, although it could not be strengthened to the full extent required.

VI. SOCIAL PROGRAMMING

During 1964, the Social Development Programming Division proceeded with the implementation of the programme presented at the end of 1963. Thus, it intensified its collaboration in the general teaching work of the Institute, formalized its research programme and made progress in carrying it out, and, lastly, took part in advisory assistance activities. It was able to channel co-operation with UNICEF - to which reference has been made in previous reports - in more specifically-defined directions, and to continue developing the existing collaboration with ECLA.

These various activities are reviewed below; of outstanding importance are those relating to the research projects now under way and to others that are being considered for the future.

As regards the basic research projects, the following studies are at different stages:

/(a) Analysis

(a) Analysis of the role of the industrial entrepreneur in the economic development process

The central topic of the research - which was begun recently - is the analysis of the entrepreneurial sector as one of the dynamic factors in development. This study examines not only the typical characteristics of entrepreneurial action and the social conditions governing the formation of the industrial stratum, but also the relationships between these aspects of the problem and the specific conditions prevailing in each country's national society. Four typical situations were selected (those of Argentina, Brazil, Chile and Mexico), in which the variable under analysis - the entrepreneur - is faced with over-all social conditions that reflect different characteristics of the development process.

(b) Incorporation of labour sectors into the development process

An attempt was made to analyse how the labour sector has been incorporated into economic development up to the present time, the pattern of participation of these population groups, and the trends observable in the sector. One possible way of forming an approximate idea of these trends is through the study of the social images of the groups concerned, which relate to their conception of industry and the industrialization process, of the social system and type of representation, and of the nature and aims of the labour movement. A first draft has already been written, and the background data required for the final version are in process of collection.

(c) Analysis of political and administrative conditions for the economic development of Latin America

The relevant project is in course of formulation. Progress has been made in the study of the relations between the educational system and political and economic change, several chapters having already been drafted. This research is being carried out because of its general usefulness in connexion with the Institute's activities, particularly the course on educational planning.

In addition, during the year 1964 special studies were undertaken in relation to the work of the advisory groups in certain countries or to the programme of co-operation with UNICEF, preliminary reports having been prepared on the urbanization process in El Salvador and in Paraguay, and on the industrial entrepreneur in the latter country. In El Salvador, initial investigations were conducted in respect of a project for studying the needs of children and young people in the context of economic development. Collaboration with UNICEF was extended to cover the planning and orientation of the necessary preparatory work for the conference on the needs of children and young people in Latin America, scheduled for 1965.

Co-operation with UNESCO included participation in the seminar on education and development organized by the International Institute for Educational Planning (Paris) in the month of April. The Institute was also represented at a seminar on popular participation in community development convened by ECLA in Santiago, Chile.

In 1964, an internal seminar was arranged in the Institute for the purpose of defining a long-term research project relating to the interpretation of the combined economic and social aspects of Latin America's development process and the phase of stagnation through which it is passing. Since 1963 the Institute has been trying to adopt, in its various activities, an integrated approach which will result in a more comprehensive interpretation of the real state of affairs in Latin America. The seminar referred to was the first example of a systematic pooling of effort on the part of economists and sociologists which is to be maintained in the future. The first stages of the project will have to comprise the development of basic socio-economic working hypotheses, and the conduct of detailed research relating to selected Latin American countries.

VII. NATURAL RESOURCES

The Institute has been able to achieve a considerable expansion of its activities in the field of natural resources, especially where research is concerned. In this connexion, it has enjoyed the valuable collaboration of the institution known as Resources for the Future, Inc., with which a programme of co-operation was arranged, beginning with three projects, two of which are directly concerned with questions relating to natural resources.

The first was envisaged as an analysis of the role of water resources in development, with a view to planning. It was decided to investigate the case of Chile, where sufficient background data on the subject were thought to be available. A scheme was outlined for the evaluation of water requirements and the costs of satisfying them in the future, with due regard to the national development plan and its possible extension over subsequent years. An attempt is being made to assess these factors in quantitative terms in all the areas into which Chile can be divided up for such a purpose. This analysis is expected to result in the establishment of guiding principles that will be of use in regional planning from both the methodological and the practical standpoints.

The aim of the second piece of research is to explore the field of major projects for the surveying and investigation of natural resources; consideration will be given to criteria for assigning them priority within a national investment plan, and to the requirements they involve in respect of financial resources and specialized personnel. An endeavour will be made to appraise these

/projects and

projects and see how far the relevant criteria most commonly adopted are applicable in their case. The analysis of alternative techniques for the surveying of resources will be of particular value for these engaged in economic planning.

A beginning was made on both research projects in mid-1964, and it is hoped that they will be completed in a year's time. The phase of reconnaissance and establishment of the method to be adopted has already been brought to a conclusion.

On broader lines, the organizational and institutional problems arising in connexion with natural resources in the planning process are being analysed, with special attention to aspects affecting the work of the advisory groups. To this end, a field study was made of the case of Uruguay, where some general policy principles were considered and help was given in the formulation of a soil inventory project based on sampling. It is planned to undertake similar activities in other countries, such as Bolivia and Peru. There is clearly a great need for co-ordination of the work carried out by the various individual countries in this field.

Throughout the whole of the period under review, the possibility of providing the Institute Training Programme with teaching material on natural resources was borne in mind, and some lectures on the relevant special subjects were delivered.

Another activity in which the natural resources staff are engaged is that of co-operation with the Inter-American Development Bank in the work of the missions investigating frontier-zone integration possibilities. The first of these projects, located on the borders of Colombia and Venezuela, was completed by the middle of the year, the Institute having contributed the services of a natural resources expert. In the case of the second, relating to Colombia and Ecuador, arrangements are being made for fuller co-operation on the part of the Institute.

VIII. SEMINAR ON FISCAL ACCOUNTING

From 23 to 28 November 1964 a Working Group on Standard Fiscal Accounting Procedures, jointly sponsored by the Economic Commission for Latin America (ECLA), the Institute, and the Bureau of Technical Assistance Operations (BTAO), met at Santiago, Chile, on the premises of the Institute. The need to modernize fiscal accounting systems which was the raison d'être of this series of meetings had previously been recognized at the Budget Workshops held at Santiago, Chile (1962) and at San José, Costa Rica (1963).

The meetings were attended by 24 officials and specialists from nine Latin American countries (Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Mexico, Paraguay, Uruguay and Venezuela) and from

/some of

some of the specialized agencies of the United Nations. They took part in the proceedings in their personal capacity, and the opinions they expressed do not necessarily reflect the views of Governments. Technical experts of high professional standing, and possessing wide experience in the fields of planning and public administration, thus co-operated in the activities of the Group.

The Working Group was organized in order that planners, budget experts and specialists in accounting might have an opportunity of jointly discussing the adaptation of fiscal accounting systems to development planning and programme budgeting. Because of the Latin American Government's growing interest in the use of programme budgeting, the meeting of this Working Group was especially desirable and opportune, in relation to the measurement of the real results of their efforts. Nowadays almost all the Latin American countries apply the programme budgeting technique, in association with long and medium-term development plans; in doing so, they find themselves faced with problems relating to the control and the evaluation of the results obtained, and accordingly feel the want of an accounting system which will record and present transactions in such a way as to facilitate the analysis of programmes, activities and projects and to provide a means of checking their execution and results. In many of the Latin American countries traditional accounting systems are still in use, and afford no means of verifying how and to what extent the Government's plans are being put into effect. Hence the need to study the modernization of such systems, and their adaptation to the purposes of integration of the planning, budgeting and accounting processes.

The proceedings of the Working Group were based on the following agenda:

- (i) Relations between planning, budgeting and fiscal accounting;
- (ii) Classification of fiscal accounts for accounting purposes;
- (iii) Application of costs accounting in State enterprises;
- (iv) Procedures for the introduction of accounting systems based on programmes, activities and projects.

The Working Group discussed ways and means of modernizing fiscal accounting systems in the light of the experiences of the countries represented and the suggestions put forward in Sistema de contabilidad fiscal uniforme para los presupuestos por programas en América Latina (ST/ECLA/CONF.17/L.2), jointly prepared for the occasion by ECLA and Institute consultants.

IX. HUMAN RESOURCES

Research in the field of human resources during 1964 was focussed on the conceptual elucidation of this branch of study and subsequently on the development of a methodology. This work was carried out in co-operation with the ILO.

In defining the field, difficulties were encountered which derived from the vague and over-generalized approach to the subject adopted by students of this and allied specialities.

This aspect of the research was confined to demarcating the field in relation to planning, initially on the following lines:

1. The field of human resources should be envisaged as a direct historical derivative of the concept of labour as a factor of production.
2. There are two ways of analysing this factor of production. The first is by type of work, i.e., on an occupational basis, considering, for example, skilled, semi-skilled and unskilled labour on the one hand, and, on the other, administrative and executive officials, promoters, professionals, technical experts, scientists, intermediate personnel, etc. The second is by the economic activities which constitute the major categories in the classification of the labour force.
3. This factor, with its different categories, is regarded by students of human resources not only as a quantitative variable but also as an element susceptible of radical qualitative change.
4. One angle of approach is the study of employment with a view to the rational application and full utilization of human resources.

Within the conceptual framework afforded by these four points, a methodology for analysis and for integration with planning was developed, by means of which human resources could be determined and classified by skills, in accordance with sectoral projections and targets. The bases of this methodology are as follows:

- (a) Identification and evaluation of the most important factors that have conditioned the human resources situation in Latin America, with the necessary background data.
- (b) Determination of the existing supply and demand situation in respect of available human resources.

/(c) Formulation

(c) Formulation of estimates of the size and structure of the population and the labour force, in order to provide adequate bases for projections of human resources in relation to the future needs of the economy, i.e., evaluation of employment, unemployment and under-employment, as well as determination of the future structure.

(d) In addition, over the longer term, provision of the data required for regulating the training system and the future structure of employment.

These approaches constitute a working hypothesis which will be tested against real conditions by means of a pilot project to try out the methodology. This project will be carried out next year in Chile and will enable the scheme outlined to be checked and adapted to the realities of the situation in Chile and subsequently in Latin America.

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contract for the supply of goods to the
Government of India. I am pleased to hear
that you are interested in the contract and
I am sure that you will find the terms
of the contract to be very satisfactory.

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