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PAST DEVELOPMENT AND POLICIES OF THE LATIN AMERICAN  
INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

Note by the Director General

## TABLE OF CONTENT

	<u>Page</u>
INTRODUCTION.....	1
I. PAST DEVELOPMENT OF THE INSTITUTE.....	3
1. The Institute and planning in Latin America at the beginning of the sixties.....	3
2. Diversification of research.....	5
3. Scope of the training programme.....	8
4. The Institute's advisory services and their new modes of work.....	10
5. The integration of industrial development.....	11
II. POLICIES.....	12
1. The integration and balanced development of the fields of action covered by the Institute.....	12
2. Sectors of activity.....	15

/INTRODUCTION

## INTRODUCTION

The Institute's activities since it was first established have coincided with the emergence of many new needs arising from the decision adopted by the Governments at Punta del Este to carry out their economic policies on the basis of plans and programmes. Some of these needs were already recognized at the time when broad-scale planning first began in Latin America, but others have become apparent as a result of the advances made in planning, which has had to adapt itself to the specific needs of Latin America, in terms of both concepts and methods. The continuing work in this field that has been done in the various countries since 1961 has not been easy, since this task represents not the introduction of modern techniques that are already established, but a continuous process of creating appropriate methods and acquiring specific experience.

The Institute's activities have been encompassed and guided by this intricate complex of circumstances which has, moreover, in some respects undergone rapid changes. The work done since the founding of the Institute has been periodically summed up in reports submitted to the Governing Council and to ECLA at its various sessions. Thus there has been a detailed analysis of how the Institute has been meeting the planning needs that have arisen in Latin America. In this manner it has been possible to show how it became necessary during the first four years of the Institute's life to expand the training programme to cover all the Latin American countries. The Governing Council and ECLA have been aware of the fact that the courses at the Institute initially absorbed a considerable part of the energies of the staff, and that this training work has been increasingly brought into line with the special problems and characteristics of the individual countries and with the basic elements of the development policies pursued in Latin America. All this has resulted in an expansion of the training activities, which have been aimed at the creation of the technical nucleus needed for the establishment of planning in the individual countries.

Similarly there have been accounts of the advisory work of the Institute, and the evolution from the early form of advisory service in 1962 and 1963 to the group of regional advisers established in 1965 as  
/an integral

an integral part of the Institute, which is already providing services for the Governments. The Institute also initiated, or expanded, research work in both the economic and social fields; as yet this is on an insufficient scale, but study has been concentrated on those fields selected as the most significant from the standpoint of planning and development. These activities have in general expanded rapidly, with the aim of obtaining a closer knowledge of the facts and ensuring that planning work is of practical value, but there are undoubtedly important gaps in key planning sectors.

The last report prepared by the Institute, submitted to the Governing Council in 1965, gave an evaluation and detailed description of the progress of the Institute throughout its first years of work. The aim of the present note is somewhat different. The idea is to submit on the present occasion a review of the Institute that identifies the main general trends that can already be observed in its work, and that provide a basis for evaluating its policies, as they have taken shape during these first years. For this purpose attention is concentrated here on the characteristic features of the Institute's work, on an explanation of the lines it has followed in accordance with ECLA resolution 220 (AC.52), which established the Institute, and on the guidance given by the Governing Council at its twice-yearly meetings. Hence what follows should be regarded as an attempt to interpret the work of the Institute as it has been described in another document submitted to the Committee of the Whole of ECLA at its eleventh session (E/CN.12/AC.58/8).

/I. PAST

## I. PAST DEVELOPMENT OF THE INSTITUTE

### 1. The Institute and planning in Latin America at the beginning of the sixties

The problems and trends that made themselves felt in Latin America towards the beginning of the sixties called for a new impetus, and more conscious and systematic action, in the planning field. Much had already been achieved in identifying the main obstacles to economic development, enabling action to be linked with a general ideological framework, and making a detailed diagnosis of the existing situation in Latin America by means of economic studies of individual countries.

ECLA was able to contribute to this progress through its extensive research activities, and the knowledge of Latin American problems made possible by its development studies, its formulation of the techniques of general and sectoral planning, and its detailed analysis of the industrialization process and of the role of the external sector in the peripheral economies. These various elements together provided specific indications respecting the strategy of development. The study of the deterioration of the terms of trade and the external bottleneck led to the formulation, as the key point in development strategy, of an inner-directed growth model based on industrialization and import substitution. At the same time light was thrown on the consequences entailed by industrialization in other sectors, especially agriculture, and the basic changes that the process involved in terms of income distribution, technology and the expansion of domestic markets. The analysis of the actual process of industrialization and the persistence of the external bottleneck - inter alia - indicated the bases for a planned development policy, which soon led ECLA to advise Governments in this field, and to expand and diversify the training programme first undertaken in 1952.

The tasks subsequently entrusted to the Institute included the continuation of the work done by ECLA in the two fields of advisory services and training, and the extension of its ideas by means of research studies that were related with the planning process in Latin America. When the Institute undertook its responsibilities in these fields, many

/Latin American

Latin American countries that were seeking development on the basis of import substitution and rapid industrialization found themselves faced with a number of problems, some new, some bequeathed from earlier periods. The formulation of national plans had helped to encourage the establishment of planning machinery, but this machinery, in most cases at a very embryo stage, dealt with only a few sectors of the economy, and did not have the specific instruments needed for the execution of economic policy. Moreover, the absence of a specific approach to the whole complex of social problems prevented the plans from achieving real practicality and depth. The vicissitudes with which industrialization and foreign trade policy had to contend, the changing international situation, and the effects of non-economic factors on the development process, all pointed to the need for a retrospective analysis of the social and economic evolution of Latin America, with a view to establishing the guidelines of a strategy to meet the new conditions.

All these developments were taking place at the precise moment when the establishment of planning machinery was becoming widespread in Latin America, and this fact led to growing needs in terms both of trained personnel and of advisory and research services to assist in improving the planning process itself and in defining new development policies. These needs were different from those that had existed earlier, for a number of reasons, but in particular because the planning process now took place against a background of currents of opinion in favour of carrying out far-reaching changes, and because planning was now also linked with the economic integration activities that had recently been initiated in Latin America.

Once the stage of establishing the planning agencies had been passed in a number of countries, the formulation of the plans themselves made it possible to indicate even more clearly the defective nature of income distribution, the phenomenon of unemployment, and the weakening of import substitution as the main impetus to economic development, as well as of the other obstacles to development that represent the main theme of all planning work. In addition to these problems, which relate to the essence of economic and social planning, others arose, connected with the

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lack of machinery and instruments that would permit a reduction of the gap between the grand design of the plans and the specific measures for the execution of short-term economic policies. At the same time new difficulties arose, such as the lack of investment projects that could give concrete form to the plans, and the fact that the programme of social betterment would be carried out without being adequately related to the long-term aims of economic development.

The planning work described above soon meant that the Institute was called on systematically to extend its activities to fields and problems that, although in the main already identified and analysed on a considerable scale by ECLA, had not yet been the subject of practical planning experiences in Latin America. It can be asserted that this expansion represents the characteristic feature of the Institute, and marks all its activities during these first years of work.

## 2. Diversification of research

The Institute's research programme illustrates its central concern with matters of development and planning in terms of the problems and prospects of the Latin American economies that have become pressing only in the past decade, to which the planners are now turning their attention. Moreover, there is a large body of social questions and problems that have not yet been covered by Latin American development theory in the careful and systematic manner that they call for.

In relation to the first point, for example, it should be noted that although Latin America's development requires increasing emphasis on regional integration, plans continue to take the form of separate national programmes concerned with the individual economy. Here some thinking through and clarification is required in terms of the relations between the development plans and Latin American integration. Moreover, the execution of the plans has made it clear that the methods now available are inadequate for determining the line of action, and that over-all planning techniques must be supplemented by instruments that can link long-term development with short-term aims and policies. In this field an experiment has been undertaken, in co-operation with the Government of one Latin American country, in applying a technique to

/determine short-term

determine short-term policy measures in terms of long-term aims; in addition, work has been done in co-operation with the Central Bank in the field of financial planning.

Research on economic integration has been carried out on two main lines. The first represents a search for methods that will make the co-ordination referred to technically feasible. The second aims at assessing the growth that would be possible in Latin America on the basis of the additional opportunities offered by given policies of integrated development, in order to enable the countries to take account of these new prospects in establishing their development policies. One of the most significant achievements thus far has been to determine the effects that a regional import substitution programme could have in reducing the foreseeable trade deficit for Latin America as a whole.<sup>1/</sup>

From a much broader standpoint, the problems and economic trends indicated at the beginning of the present note have led the Institute to undertake a systematic review of the features that have characterized the development process in Latin America. This means continuing the analysis first undertaken by ECLA many years ago, and introducing certain new elements, with a view to illuminating the interdependence between the phenomena of inflation, external and fiscal deficits, industrialization, income distribution, and so forth, in the light of the structural change that has taken place in the region as a result of the influence of development policy and other variables and social and economic factors. This study, which is intended to meet the need to give planning a more realistic content and ensure that it is on sound lines, is based largely on the experience gathered in the field by the Institute in the individual countries in which it is providing advisory services.<sup>2/</sup>

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1/ On these points, see the two documents La integración económica y los planes de desarrollo, and Effects of a regional import substitution programme on the external sector gap in Latin America.

2/ This study is a continuation of that already published in the form of a provisional document entitled Economic development, which is being used in the Institute courses.

/With respect



With respect to the studies on the social aspects of development, the aim has been to concentrate attention on those items that the social transformation taking place in Latin America indicates as the most significant. Even in periods of high growth rates, the region's development is not generally accompanied by any appreciable change in the unfavourable social conditions that threaten the continuance of Latin American development. Hence the studies on the social aspects of development have traditionally concentrated on the fields of health, education and housing, all recognized as vital in any process of changing levels of living, and consequently deserving of consideration and study by the agencies responsible for planning. The Institute has not neglected its duty in this respect.

Nevertheless, the main effort in these studies is to introduce the social approach into the study of the development process even in its economic aspects. In other words, the aim is to see how, in the development process, the production system, the operation of the economic system, and the decision - taking machinery are all part of the social factor - how they are dependent on the behaviour and aspirations of particular groups, and at the same time have a dynamic effect in transforming the social system. For this purpose it is necessary to analyse the form of operation of the social forces that can encourage or restrict change in each of the characteristic situations that are described. The studies have concentrated on those groups and institutions capable of spurring society on towards development, and a beginning has been made with the entrepreneur, the labour union and the State in their relations with this process.

The main concern each case is the same: what role has been played by this group or institution in the development movement, both in the dynamic stage of import substitution, and, in some cases, in the stage where this process is coming to an end? What prospect of action does the future hold for it, and what opportunities can the social and political structure of the various countries offer for the achievement of the proposed aims?<sup>3/</sup>

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<sup>3/</sup> The provisional report on these studies is given in the document El proceso de desarrollo de América Latina (una tentativa de interpretación sociológica).

All these studies of more general scope are conceived as a joint effort aimed at the greatest possible degree of integration of economic analysis and social analysis, so that progress at both levels can go hand in hand, in order to permit a broader and more complete interpretation of the development process.

### 3. Scope of the training programme

A noteworthy feature of the training programme's development is its extension to new fields of activity and specific planning sectors. From the first year in which the Institute launched this programme, it was thought desirable to include specialized courses on educational and health planning. More recently, a course has been organized on the planning of housing, and another on economic development and planning intended for trade union leaders.<sup>4/</sup> This is a particularly important venture, since it heralds the first contact with groups that are known to exert a decisive influence on the success of development plans but are still outside the process of planning in nearly all the Latin American countries. The dialogue thus initiated with a special area of Latin American opinion used to be confined in the main to the public sector, but it is now planned to extend it to the entrepreneurial sector.

The co-operation that has begun to be given to university schools of economics is another line along which the programme has developed.<sup>5/</sup> In contrast to its other activities, which are all aimed at training planners, the objectives in this case are broader and less specific. What the programme attempts to do is to examine in conjunction with the universities the need for revising the curricula now used for courses on economics. While maintaining the necessary academic standards, this

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<sup>4/</sup> See the syllabuses for the different courses and, in particular, for the basic planning course.

<sup>5/</sup> The first venture of this kind is described in the document entitled Colaboración con la Escuela de Economía y Administración de la Universidad de Concepción (INST/43), which gives an account of the way in which the co-operation was extended and a summary of the new curriculum adopted.

revision will give a more practical and technical slant to the training of professionals and thus bring it into closer line with the requirements of economic development.

The headway made by the programme in these new lines of activity is matched by the notable increase in the number of professionals trained and the number of countries in which courses are given or from which participants have come. The courses in economic planning and social sectors have also become increasingly specialized. This can be seen at a glance from the 1966 curriculum, which includes, apart from the basic planning course, four special courses (education, housing, health, and economic development and planning for trade union leaders) and ten intensive courses in different countries, to be attended by a total of about 700 fellowship holders.

The programme draws part of its material from the findings and conclusions of the advisory work and research undertaken by the Institute in an attempt to raise the technical level of the courses, bring them up to date, and give a clearer and more comprehensive picture of Latin America's problems. The modifications made in substance and form reflect the Institute's constant concern to adapt the training it provides to the changing conditions of economic and social planning. The establishment of planning machinery in nearly all the Latin American countries immediately produced a demand for more technical personnel; as a result of the progress made in planning, personnel requirements changed, and a new type of person with more highly specialized knowledge came to be sought. The policy of economic integration also gave rise to specific requirements, which are being met through the courses and lastly, the interdisciplinary nature of the development process has not only influenced the theoretical teaching given as part of the courses but has made it necessary to link up the practical use of planning techniques with the sociological and cultural aspects of national life.

4. The Institute's advisory services and their  
new modes of work

In common with the work of research and training, the Institute's advisory services have been distinguished by their breakthrough into new fields, the expansion of their programmes and the adoption of new methods, but with certain special features that should be mentioned here.

To begin with, the demand for this type of service began to increase simultaneously in a number of countries from 1961 onwards. Then, too, the country studies and analyses carried out brought to light the particular development problems besetting individual countries and, consequently, the need for different solutions shaped to suit the particular conditions in each one. In addition, advisory services began to be provided in special fields, such as budget preparation and taxation and, more latterly, project promotion, with the eventual aim of establishing planning machinery there.

During the early stages, efforts were concentrated on the preparation of development plans in a certain number of countries that already had advisory groups set up by the OAS/IDB/ECLA Ad Hoc Committee on Co-ordination and the United Nations, and little attention was paid to the valuable planning experience that was being acquired in other countries where there were no advisory groups. Moreover, advisory services and planning had made good headway in formulating development strategies and the corresponding policies, but, in general, failed during the phase of implementation to translate these fully into action. It thus became clear that the advisory services should pay increasing attention not only to designing planning systems but to applying them and to drawing up annual operational programmes to ensure application in practice of the long-term plans already in existence.

All this involved overhauling the advisory machinery of the Institute and led to the creation of a new form of assistance for governments based on a permanent technical team that could follow the execution of the plans more easily, obtain a first-hand knowledge of the planning problems in each case, and draw on the combined experience of a number of countries as a guide in their work.

For some years, extensive research and training has been going on in project-making. In co-operation with IDB, the Institute has launched a programme of advice and assistance for the different countries, which meets an urgent need in this respect. The aims of this new line of action are twofold: to establish machinery for project promotion and to link this up with over-all and social development plans.

5. The integration of industrial development

The Institute is collaborating with ECLA and IDB in a joint programme for the integration of industrial development. Studies and research are being undertaken on Latin American industry with the object of providing background information for programming the regional economic integration of the manufacturing sector.

An analysis has already been made of the steel, aluminium, pulp and paper, machine-tools and textile industries, and surveys are well under way on the fertilizer, sodium alkalis and petrochemical industries, together with various branches of metal transforming. The data thus placed at the disposal of the different countries not only contributes to the work of the Latin American integration agencies but also indicates a number of guidelines for programming national industry.

## II. POLICIES

### 1. The integration and balanced development of the fields of action covered by the Institute

One of the first tasks of the Institute was to ascertain current planning requirements, determine in the light of those requirements the role that it should play in Latin America and subsequently lay down its guidelines for action. The work carried out in this respect may eventually lead the Institute to seek new areas of activity, but it is unlikely that this will be its main thread of development. On the contrary, its major task in the next few years will be to integrate the experiences and information acquired in the various fields in which it has already been active, interpret them as a whole and use the findings to provide new lines of action for development policy and its execution.

This work of synthesis must be done at various levels. In basic research on both social and economic questions, it will require an integrated interpretation of the findings, since this is a fundamental requisite for planning that aims at structural change. From this synthesis, new criteria should emerge with which to judge the aims and achievements of the research and training activities that are most closely connected with the practical work of planning. It is hoped thus to add to the effectiveness of the advisory services and specific instruments of development policy.

Although this is the main thread of the Institute's activities, there is another salient feature linked up with it, namely, the way in which its work is carried on. From the outset the Institute was intended to provide three substantive programmes dealing respectively with research, advisory services, and training. The mode of work denotes the inter-relationships that it is hoped to develop among these programmes and that will go beyond the bounds of mere co-ordination. At present, the advisory services deal with the problems as they arise in the different countries and thus help to define the areas of research. The results of the research work carried out then become part of the subject-matter taught in the training courses, whence they lead back again to the advisory activities.

/The majority

The majority of the new areas covered by the 1962 programmes of training and research were discovered in the course of the advisory work. Examples are the expansion into entirely new sectors, the first studies of employment and manpower training, the inclusion of short courses on financing, monetary policy and regional economic integration, and the new approach developed in the course on planning techniques.

The shortcomings and requirements of planning are well known in many of these fields. But they are not included in the courses as a subject for study until they have been worked into a rational scheme of thought and linked up with the problems of development and planning in Latin America. An exception to this rule is of course the teaching on theory and mechanisms. This has, in the past, been one of the salient features of the training programme and is still regarded as one of its cornerstones, but it is obviously tending to limit the extension of the curriculum and to exclude certain sectors or issues for the time being.

A third line of action, to which more importance should be given in future, aims at striking a balance between the major activities of the Institute. At the beginning of 1962 the emphasis was patently being laid on training because of the very impetus of the programme that ECLA had been carrying out. Advisory services were limited to a small number of countries and took up little of the time of the professional staff members in the Institute, and research had not yet been developed into a systematic activity.

As far as the advisory services are concerned, the efforts to achieve balanced development have resulted in the establishment of a permanent team and the intensification of advisory activities, which already cover twelve countries. The increase in research stems naturally from the subjects that are being dealt with in the Institute and have been mentioned earlier on in this document. The training programme has also grown considerably, although not quite as quickly, and the effect has been to produce a better balance. It is essential, in fact, that more intensive efforts be made to bring the three major activities of the Institute into proportion with one another.

/The training

The training programme has now reached the point at which any further growth will have to come mainly from additions and improvements in those areas that are already covered in the courses, while a big drive forward is expected for the advisory services. In the general context of development, however, it is clear that the progress to be made by the work will depend on what is accomplished in the field of research. The greatest headway in both training and advisory work has been achieved in those areas that have been thoroughly investigated on many occasions over a long stretch of time. Where knowledge has failed to advance sufficiently, for instance, in relation to technology, employment and income distribution, to name but a few issues of equal importance, the scope of planning is limited and research work is needed in areas beyond those of the theoretical and general studies undertaken in the past in order to produce results that will be of practical use for planning purposes.

Endeavours have also been made to strike a balance between the economic and social aspects covered by the Institute's activities. The greatest advances have been made in economic planning, and these constitute the foundation on which further work has been and will continue to be done. The social sector, on the other hand, has not been given sufficient attention. In view of the Institute's responsibilities in that area, it is essential to clarify the role of the social factors in the development of Latin America, and to bring this knowledge to the point at which it can make a useful contribution, together with the instruments, techniques and processes of economic planning.

Increased attention is being paid to social factors in the work of the Institute, but as it has been mainly in research and certain aspects of training, the equilibrium achieved among the different fields of activity still leaves much to be desired. The incorporation of the social sector into the theory and practice of planning will be one of the main features of the Institute's future work.

In order to carry out this body of work, relationships must be established with other groups engaged in research and practical work in a variety of fields. Contacts have been made by the Institute with a



large number of international and national organizations, as described below, but a greater exchange of ideas is admittedly needed, together with a broader knowledge of specific experiences, not only in Latin America but in other parts of the world as well. The Institute plans to make this line of development one of the key notes of its programme.

## 2. Sectors of activity

### (a) Training programme

These general policies can be expressed more specifically in connexion with the Institute's various sectors of activity. The training programme is nearing its peak as regards the number of professionals that can be trained. The activities are expected to continue at the same high level, but it will be necessary to introduce changes in the actual structure of the programme in order to bring its performance into line with Latin America's specific planning needs.

Even if the main features of the Basic Course on Development Planning held annually in Santiago, Chile, are preserved, increasing attention will have to be focused on the problems inherent in short-term planning. This means that the content of certain subjects will have to be enlarged or recast, on the basis of the results of research that is currently under way. Consideration should also be given to the possibility of increasing the number of specialties included in the course. At present there are seven specialties taught at different stages of the course, but some important sectors or areas still remain to be covered.

The Institute's training activities have been prompted by planning needs, and particular emphasis has been placed on the technical aspects of planning and on development problems. Experience has shown that the establishment and bringing into full operation of planning machinery and processes have, in essence, given rise to a growing need for knowledge which can hardly be imparted in the short duration of the courses. To remedy this state of affairs, it is planned to keep on the most promising trainees for longer periods. This will have the two-fold purpose of associating them with the work done by the Institute and of enabling them to acquire a more comprehensive theoretical knowledge.

/The intensive

The intensive courses have now been extended to nearly all the Latin American countries. Future efforts should be directed at their further specialization in keeping with the characteristics and progress in respect of planning in each particular country. In this respect, it is considered that one of the tasks of the training programme will be to determine, in conjunction with the appropriate national agencies, the degree of specialization and the objective of each of these courses. Furthermore, the special courses which have hitherto covered planning in the social sectors (housing, education and health), in addition to that of trade union leaders, could be extended to other areas. It is obviously necessary, for example, to establish contact with the entrepreneurial groups.

Lastly, priority will also be given to co-operation with Latin American universities along the lines of that already initiated with two schools of economy, and new procedures and forms of action will be sought to that end. There is no doubt that the Institute's close relations with teaching circles in the region - quite apart from their importance in themselves - will provide greater scope for its training activities.

(b) Advisory services

The needs in respect of advisory services have been changing in nature and intensity over the past few years. The expansion and diversification of the Institute's advisory services have already been reviewed. However, much still remains to be done. In the first place, the transition from the stage of formulating plans to their execution gives rise to specific needs at the operational level which have not been adequately met. From a technical standpoint, the absence of annual operational plans constitutes the major obstacle to the implementation of economic and social policy. Similarly, the effects of the lack of projects on the attainment of development goals are only too well known. There are many other problems - e.g., the urgent necessity for national statistical systems to be tailored to planning needs - in which it has also proved impossible to make much headway. The Institute proposes to work intensively in the next few years on those operational aspects of planning.

On a more general plane, there are two major types of requirements which the Institute will endeavour to meet in the future. On the one hand, those deriving from economic integration, and, on the other, those resulting from the element of social change underlying the plans envisaged. This opens up two new fields in the Institute's advisory activities and progress therein will keep pace with the advances made in the respective research.

Furthermore, steps will be taken to strengthen the new forms of advisory services, particularly those provided in specific fields, such as the advisory assistance already being furnished to some Governments with respect to the model involving decisions in respect of economic policy, sectoral planning and operational instruments. In addition, the initial experience in the promotion of projects, in co-operation with the Inter-American Development Bank (IDB), might well extend to other countries.

(c) Research

The more ambitious types of research naturally involve a considerable period. However, the tendency has been to systematize the piecemeal results obtained and the hypotheses based on provisional interpretations, so that they can be applied simultaneously in case studies and in verifying and enriching the existing fund of information. On the one hand, this will make it possible to relate the scope of theoretical investigations to real situations and problems in the countries analysed. On the other hand, even the most theoretical and general ideas for new action emerging from the research could be incorporated in the set of ideas that are applicable in both the advisory services and the courses.

This method of conducting research seems to be particularly useful where a fuller interpretation is sought of Latin American development or of some of its specific facets. A case in point is the research on economic planning and integration, which has been launched as a methodological attempt to associate the two processes. This gave rise to the need to evaluate some of the main economic consequences of the above-mentioned integration efforts, and to examine how far and by what means the region as a whole could make good the foreseeable trade deficit. It is now necessary to carry out this general analysis at the country level

/in order

in order to obtain criteria that are more readily applicable to planning and, at the same time, to determine the extent of the import substitution efforts that each country would have to undertake within the framework of a balanced regional development.

A second group of research activities is carried out in close association with teaching functions and has led to the preparation of texts and manuals. These studies have constituted one of the Institute's permanent activities and have served as a basis for introducing new specialties and spheres of work in the training programme. Through these texts the Institute has been able to impose its thinking in Latin America's university and professional circles. The main task now lies in so organizing this work that it can be expanded in line with requirements, and disseminated more widely and efficiently.

(d) The industrial programme

The future activities of the Joint ECLA/INST./IDB Programme on the Integration of Industrial Development will have a two-fold objective. In the first place, these activities - besides extending in depth in the sectors already analysed - should spread to the largest possible number of sectors, so that in the economic integration process a balance will be struck among countries with unequal resources and a varying capacity for industrial development. This will provide the fundamental elements for devising the most appropriate Latin American industrial integration strategy. It is thereby hoped to place in the hands of integration agencies the technical and economic background material required if the integration of Latin American industry is to become a reality.

Part I of the present report contains a broad description - without entering into details of the various programmes and research activities which can be found in other documents - of the evolution of the Institute in the early years of its existence. Part II comprises a general outline of the policy which will guide its future action, based on the work already accomplished. It would have been impossible to forge ahead so rapidly or to extend the fields thus far tackled, if the knowledge of the real economic conditions and planning problems in Latin America - as enriched

by a number of activities in collaboration with other agencies - had not been still further enhanced by the specialized knowledge those agencies possessed regarding the major sectors of economic and social activities. This has been possible thanks to the close co-operation the Institute receives - and which it recognizes as highly effective and valuable - from ECLA, the International Labour Organisation (ILO), the Food and Agricultural Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Monetary Fund (IMF), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the Bureau of Technical Assistance Operations (BTAO) and the Technical Assistance Board (TAB), as far as the United Nations is concerned; from the Inter-American Development Bank (IDB), the Organization of American States (OAS) and the Pan American Sanitary Bureau (PASB), of the inter-American agencies; and from such national and private institutions as the Agency for International Development (AID), the Ford Foundation, and Resources for the Future Inc., to cite just a few examples.

The Institute has established technical contact and relations with a great many educational institutions and centres in the Latin American countries, and with other institutions and agencies at the world level - e.g., the United Nations Conference on Trade and Development (UNCTAD) - and the national level outside the region, principally Europe, as well as with planning institutes in other regions.