



UNITED NATIONS

ECONOMIC  
AND  
SOCIAL COUNCIL



LIMITED

ST/ECLA/Conf.20/L.13  
November 1965

ENGLISH\*  
ORIGINAL: SPANISH

---

LATIN AMERICAN CONFERENCE ON CHILDREN  
AND YOUTH IN NATIONAL DEVELOPMENT

Jointly sponsored by the Economic Commission for Latin America, the Latin American Institute for Economic and Social Planning, and the United Nations Children's Fund, in co-operation with the International Labour Organisation, the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization, and World Health Organization

Santiago, Chile 28 November to 11 December 1965

PLANNING SYSTEMS AND THEIR ENFORCEMENT  
IN LATIN AMERICA

presented by Carlos Matus

---

\* This is a preliminary translation which has not been revised.



PROPIEDAD DE C. I.  
LA BIBLIOTECA

ST/ECLA/Conf.20/L.13  
Page iii

Table of Contents

	<u>Page</u>
I. INTRODUCTION .....	1
II. PROBLEMS THAT EXIST PREVIOUS TO THE DEFINITION OF THE CONCEPT OF A PLANNING SYSTEM .....	1
III. THE CONCEPT OF A PLANNING SYSTEM .....	5
IV. SOME PROBLEMS OF STRATEGY AND TACTICS IN THE IMPLEMENTATION OF SYSTEMS OF PLANNING .....	13
V. DIAGNOSIS OF THE MAIN PLANNING PROBLEMS IN LATIN AMERICA .....	17

1. Introduction

2. Methodology

3. Results and Discussion

4. Conclusion

## I. INTRODUCTION

The object of this paper is to present a series of observations, experiences and ideas that have been gathered by the Latin American Institute of Economic and Social Planning, on the problems and the progress of planning in Latin America. There is no pretension, therefore, to make definite judgements on the problem, but rather to express opinions that should be discussed and in many cases, investigated in the field. However, it does reflect concern over the future course of planning in Latin America.

The paper begins with an analysis on the concept of the planning system, in order to specify its content. Although the concept of the planning system can be extended and improved in its form, we believe it is useful to present it for the analysis which is made later in this work, in which an attempt is made of a very general study on the definition of the strategy and tactics for the establishment of planning systems and a diagnosis of the principal deficiencies that are observed in planning in Latin America. This last aspect is approached by comparing the conceived outline that has been worked out with the true facts in Latin America.

## II. PROBLEMS THAT EXIST PREVIOUS TO THE DEFINITION OF THE CONCEPT OF A PLANNING SYSTEM

The concept of a system implies the complete existence of a series of essential elements, either united or ruled by a regular and rational form of interdependence. This group of partial elements makes up a coherent form of operation. The existence of a system implies that there are a series of requirements. In the first place, the list of essential elements should be complete in relation to the function the system must perform. In the second place, the component elements must be designed as units in a rational way, but this same condition is subordinated to the harmonious and coherent assembly of the thing as a whole. That is, there must be a rationality of the "whole", without which it is impossible to judge the "unitarian" rationality. In the third place, the forms of rationality should be regular; they cannot be essentially changing ones. In other words the standards of coherence of the system should in a sense, constitute a routine, as they are that which define the characteristics of the system. The change in these standards implies a change of system. In the fourth and last place, the concept of system is dynamic, in the sense that the harmonious operation is the essence of its existence, and not the mere static rationality of its concept as seen through good rules and regulations and well-designed administrative structures.

/In theory,

In theory, a planning system, a tax system, an accounting system, etc., should comply with the aforementioned requirements, although each in a different plane. These systems, however, are not produced spontaneously in a coherent form: their rationality must be the fruit of a conscious effort that must overcome numerous obstacles and capture the experience generated in its experimental operation, in a positive way.

To specify and analyse the concept of a planning system it is necessary to clarify some questions, such as: What are the essential functions of a planning system? Which are the essential elements capable of accomplishing these functions, and thereby, which should integrate the system? What is our concept of planning? This is a problem that comes before that of specifying the functions of the system.

It seems to be elementary to define what we mean by planning, when the object to be defined has already had a few years of a somewhat difficult and incomplete existence. However, we believe it is useful to construe our arguments starting from the beginning.

There are two well-defined concepts on planning the first look upon it as the rational method to control economy totally, or almost totally by substituting the forces of the market in production decisions. The second concept considers planning, in a greater or lesser degree, as a simple way of harmonizing economic decisions, of helping managers to see beyond their own business and thereby, through that greater knowledge, to be able to contribute to the fact that their decisions, which are rational from the individual point of view, can also become rational from the social point of view.

Planning in Latin America is not oriented under any of these two concepts, and this is an independent fact from the political views of the person that analyses the situation. Which then is the concept of planning which is held in Latin America? Is this concept well defined? Here we reach a complex point, since there are reasonable doubts about whether this concept can be alike for the different countries in the region.

There are however, common characteristics of the concept of planning in Latin America, and these differ, although only temporarily, from the two concepts mentioned. In the first place, the fact that in the world there are countries that are more developed and others that are less developed and not content with their situation, implies that the economies of the latter will be subjected to intense pressure for a long time, which will be for the purpose of shortening distances. In the face of this situation, the simply harmonious planning of the forces of the market appears to be absolutely insufficient to achieve rhythms of growth that will permit the tremendous differences of income between the developed and the under-developed world to be reduced.

/In the

In the second place, the under-developed economies show up structural defects from their birth as nations, and these defects seriously distort the efficiency of the operation of the market mechanism and limit further development. For these reasons, planning in Latin America tries to be a method whereby these changes in structure can be rationally approached. Therefore it is not a matter of time within the existing institutional and economic framework, but rather of beginning to plan the way in which to change these frameworks.

In the third place, for reasons that have been thoroughly pointed out, the rationalization of a process of development at a national level appears to be strictly linked to the regional economic policy. In this way, planning on a national level, which is expected to bring about changes in structure to drastically speed up the rhythm of growth, which is necessarily characterized by strong and important action on the part of the State, must be harmonized with the policy of economic integration. This policy of economic integration must be carried out among countries of many different levels of development, that have never had an important trade between them, and in which the setting up of new bases of trade is fundamental, to substitute imports from without the area and not simply to make the inter-regional trade more liberal. These problems make it difficult to find formulas that will make it technically and politically possible to have planning which is necessarily strong at a national level and an economic integration which will help to carry renouncements at that same level. For these reasons, planning in Latin America taken on special characteristics which could be summed up as follows:

- (a) Planning in Latin America cannot be limited to producing harmony in the routine economic decisions, which are the product of a defective institutional framework, but must include the programming of a change in that institutional framework.
- (b) Planning cannot be limited to contributing, to merely coordinating partial economic actions in order to guarantee an equilibrium and a consistency which the free play of the market forces cannot achieve. It must fundamentally force the rhythm of the development of the economy beyond what is provided by the natural course of events, and change the distribution of the benefits of its growth in order to adjust them to the political and social existing beliefs.
- (c) Planning, as a consequence of this, implies an important but limited control of private activities and participation is decisive in order to gain these objectives.
- (d) Planning uses the market mechanism, but at the same time uses methods of correcting the results of the market forces (price control, salaries, currency rates, physical regulations, etc.) to define the assignments of resources and to bring about social objectives.

/(e) Planning

(e) Planning at a domestic level must go together with the policy of regional integration, and this cannot be a spontaneous or natural effect, but the result of an intelligent design.

Latin American planning systems do not strictly comply with what we have pointed out, since it is evident that in some cases planning is an act without system, outwardly formal, which is foreign to bid decisions, and in others the substance of the planning has no relation with the diagnosis of the problems.



### III. THE CONCEPT OF A PLANNING SYSTEM

A planning system implies the real enforcement of a series of mechanisms which are supposed to fill essential functions. The formal existence of these mechanisms does not necessarily insure its enforcement, and at the same time, the latter does not necessarily demand institutional formality. This should be the exteriorization of a spirit and of a true process which gives it practical life and therefore, what is of substance is that strength of conviction which gives impulse to the process. Now, we could ask, up to what point should concern over the progress of planning be concentrated on the administrative structure on the systems of organization of planning? Are not the organizational deficiencies a product of the lack of that spirit which is born out of the intimate conviction of the usefulness of planning as a system of government? Should we not think much more about the causes which originate that lack of conviction? Is it that we have erred in the manner in which we have spread the idea of planning? Or is it that planning, no matter how modest in its objectives, can only be really enforced under very special social and political conditions? All of these are questions that justify serious discussion, but that is outside the scope of this paper, which is of a general nature by necessity. However, no doubt your answers would tell us that in the acceptance of planning in Latin America there is a lot of form. Two roads lead to form: slow routine and fashion. In the first case, the spirit of substance creates the form, and slowly the form overcomes the substance and absorbs the spirit. This is very common in religions, but this process is not foreign to administrative organizations nor to economic concepts. The second road leads directly to form, since spirit is not a requisite for its creation. Planning as "fashion" is then a form without spirit and unfortunately the Latin American outlook shows many of the characteristics of the latter. Therefore, it is more important than ever to re-open the discussion on planning on a broader scale. We must discuss what we pretend to do with it, what are the necessary conditions for it to operate efficiently, and also, discuss the form it should take in terms of a system and an organization that operates that system. The only difference with the past is that now we can discuss this with a much better conscience of the practical limitations that formal systems have, with a greater sense of urgency to investigate the causes of the slowness of true processes and consequently to revise our working methods.

The need to act rationally in government matters, of deciding with a sure knowledge as to the alternatives and results of these, the need to carry on the necessary structural changes, etc., is the spirit which moves or can move planning. That spirit can lead formally to the creation of the system of planning and of an administrative and social organization that will operate it. Under the supposition, not always true, that this spirit does exist, the object of this paper is to define this system in general terms, to analyze the strategy and tactics in its implantation, and to diagnose the failures in the already existing planning systems in Latin America.

In previous works, we have defined more specifically what we understand by a planning system. "... the concept of a planning system shows the existence not only of a technical method through which the planning organs are oriented in the formulation of the scope and consistency of the objectives which are being postulated, but also of an administrative or organizational method which will allow all public administration, private enterprise and the population in general to provide and to channel all their knowledge, information, appraisals and wishes about immediate and future actions towards the responsible levels, as well as to see that these are complied with in the past. "... a system of planning expresses a permanent type of work, which is carried out as a normal habit, and through a previously established and accepted routine for organizing and channelling decisions".<sup>1/</sup>

"A planning system demands, therefore, the creation of a whole series of mechanisms capable of producing pragmatic orientations; of transforming said orientations into concrete plans of actions for each year, administering said plans and seeing that they are complied with, at the same time as periodically producing basic control information in order to insure the permanent validity of the plans through their constant revision. A planning system would also constitute, within this concept, a new democratic means for the interpretation of the wishes of the population and to make it possible to get their active participation in the development process, by giving them responsibilities and fostering their initiative; also, it should create a set of values with which to judge the economic facts that are in agreement with the philosophy of planning, so that economic conduct will slowly find its natural flow within the guidelines stipulated by the plan".<sup>2/</sup>

---

In summary, we can say that a planning system is a formal expression of a dynamic and harmonious process for the taking of present decisions, in which the rationality of these is judged by relating the past with the future course programmed for the economy. Society participates in an organized manner in the process of immediate and mediate decisions, such as by taking direct responsibility in their execution, and this process is carried out under pre-established norms of operation which are rooted in the public administrative organization. Plans and decisions are thus the product of the same and only system of government.

---

<sup>1/</sup> See: "Algunas consideraciones sobre las relaciones entre la Programación del Desarrollo y el Presupuesto Fiscal", (E/CN.12/BRW.2/L.5).

<sup>2/</sup> "Progresos en materia de planificación de América Latina". E/CN.12/677, 1963.

This brief general definition points out several aspects. In the first place it stresses the fact that it is a process of taking present decisions. The object of the planning is to give basis to present government action, because the present decisions taken in continued periods constitute the materialization of a programmed future. In other words, today is the future of yesterday, and the materialization of that future is exclusively a matter of the present.

Only what is decided for today is executed; what is decided for tomorrow is only programmed and it will be executed when today ends and tomorrow begins to become today once again. Therefore, if planning is to be truly enforced, its principal concern is the present.

In the second place, the concept of a planning system indicates that the rationality of present decisions depends on the future course programmed for economy. Therefore, rational action in a short-term demands long-term programming. Short and long term are thereby supplementary and not alternatives as regards planning. We cannot judge the rationality of matriculating 200 youngsters into a school of engineering in 1965 if we do not know approximately how many the country will need in 1972, when they will finish their career. But it is not much use either to set a goal for the matriculation for "X" number of students for 1972, if when that future date becomes the present the decision is taken by considering other factors than those of the plans that were made. In other words, a short-term decision is only rational in terms of its coherence with the programming of the future course of economy and likewise, the programming of the future course of economy only has a practical use if it influences today's decisions, and if the programmes designed for tomorrow are periodically transmitted into action.

In the third place, our concept shows that in this dynamic and harmonious process of the taking of present decisions, and the formulation of future programmes, the community should participate in an organized way. A lot has been said about this requirement of popular participation in the planning process, and very little on the concrete forms that this participation can take. In any case, according to this requirement, planning cannot be a technical act that is isolated from society.

In the fourth place, it is pointed out that the planning process must be carried out by keeping to pre-established norms of operation which is rooted in public administrative organization. This means that the different phases of the planning process are harmonized through a clear assignment of tasks and itineraries to be accomplished, of the definition of the channels of communication, the establishment of uniform technical methods to accomplish tasks, the creation of coordination mechanisms between the advisory and executive levels, etc.

To summarize, it deals with the plan for producing the plans and decisions, but a plan of a primitive nature rooted in the organization of the administrative apparatus.

/In the

In the fifth and last place, it is said that the plans and the decisions should be a product of the same system, or of systems which are perfectly coordinated and which are a part of a more general system of government. This last part emphasizes once again the essentially practical character of planning, demanding that the mechanisms for the formulation of programmes be closely linked with mechanisms for decision and operation.

Although these brief explanations help to understand the main idea of a system of planning, they are of course very general. We must translate the general functions of the system in terms of integrating mechanisms.

In table 1 we present an attempt to identify the principle mechanisms making up a planning system. This list, with a few variations, is based on previous works made by the ECLA secretariat.<sup>3/</sup> Four types of mechanisms can be seen in this table: (a) orientation mechanisms; (b) mechanisms of decision and operation; (c) mechanisms of execution and (d) mechanisms of information.

These mechanisms accomplish essential functions. The orientation mechanisms respond to the need of providing a country permanently with a well-defined strategy for development, capable of guiding present actions. Mechanisms such as these are the plans on a medium and long term, whether general or partial. They are the plans for inter-regional integration at a medium or long term and the preliminary designs for projects, etc.

The mechanisms of decision or operation accomplish the task of transforming the designed strategy into a tactic for the present. In this category we have the Annual Operational Plans, as a general plan, and several others which detail their aims, such as Annual Currency Budgets, Annual Monetary Budgets, ~~Annual Budgets for the budgets for the public~~ sector, etc.

The global coherence of the decisions is given by the nation economic budget, the impartial coherence by sectors, and partial coherences by plans of the type of those mentioned above. The sub-plans are based on the existence of projects.

The mechanisms of execution are those which make the execution of present decisions possible, taking the short-term decisions up to an operational detail which can be administered. Among these mechanisms we must point out the specific and detailed designs for politics, as well as the administration of these, the programmes of budgetary execution, the programmes of execution, the projects, the general mechanisms for the administration of decisions, etc.

---

<sup>3/</sup> Progresos en materia de planificación en América Latina.

The information mechanisms are those which supply the whole system in a routine manner with all the statistical information and the necessary special investigations so that the remaining mechanisms of the system can operate. Here we must mention the plans for statistical information, whether they are continuous, by samples or census, and the special investigation plans in the field of natural resources, of technology and scientific investigation, etc.

Horizontally, table 1 points out basic aspects of a planning system. In the first column these are identified as plans. The medium or long term plans are the principal mechanism of orientation, and they contribute to define the framework of the Annual Operational Plans. These annual operational plans cover the system of annual decisions, providing the methodology so that these are taken in a coordinated manner and for the long term orientation. The operation of the annual plans requires execution chronograms and a series of administrative measures. Therefore, the basic mechanisms of execution either take the shape of monthly, bi-monthly, tri-monthly, etc., programmes or of administrative decisions which are not susceptible to taking the shape of programmes. The plans for technological investigations and of investigations of natural resources, etc., and the plans for statistical information make up the primary basis for the formulation of the substantive plans, and also of the control of their execution.

In the second column of table 1 the same process is analyzed in relation to the projects. Therefore, if it is not advisable to make a striking distinction between plans and projects, for the purpose of explaining this outline, it is advisable to identify, as different things, a system of plans and a system of projects linked to those plans. Within the system of projects, the orientation mechanisms are represented by the preliminary designs of projects and even by simple basic ideas on these, whether they go with a formal plan of medium or long term, or only a general strategy of development of a less formal nature from the point of view of the technique of planning. These preliminary designs must be transformed into projects that are studied from a technical as well as an economical point of view to become a part of the annual plans. The execution of these projects, as the next step, means taking the necessary action to the administrative detail for its construction or realization. The information mechanisms, whether they are statistics or technical investigation, add to the process of generation of projects in all its phases, including that of control of its execution.

In the third column, all the administrative organs that have a principal responsibility in the formulation, execution and control of plans and projects are pointed out. In the fourth column, reference is made to the participation of society in the planning process. As regards the latter, the table points out different ways of having popular participation, according to the phase of the process. On the basis of the formulation of general long-term orientations (development strategy) popular participation can be carried out through an effective representation of the

/basic organizations

basic organizations of society in the consultative organs of planning, and in the previous discussions of these orientations in the basic organizations. As regards the annual operational plans, the popular participation is perhaps the most intensive and widespread, but more localized and partial. In this case, the personnel of a state enterprise, analyzes, discusses and suggests as to the goals for the following year of their productive unit. The neighbours in a community analyze, discuss and suggest what they would like, and what it is possible to do the following year. Therefore, it is a much more direct and massive participation in matters which concern them most. In the phase of the execution of the plans, popular participation can be confused with popular action. The community can participate in the construction of schools, houses, farm roads, sanitation projects, etc., and for the time being, can work for a salary in the private and state production centres. Note that this proposition of popular participation in the process of planning responds to a need of supplementing the traditional mechanisms of popular expression through political parties or electoral processes. Where the traditional mechanisms or popular expression are efficient, as in the case of the general definitions of a policy for social and economic development, popular representation is representative and general, and not massive or intensive. On the other hand, in the annual definitions and in the process of execution of plans, popular participation can and must be intensive and massive to fill a gap that the traditional forms of popular party expression do not cover.

The ideal concept and the true concept of a system  
of planning

The system which has been very briefly described in table 1 is an ideal concept of a planning system, through which other concepts that respond to needs, realities and different objectives can be opposed. What proportion of this outline can be enforced in Latin America? What part of it constitutes a goal for the Latin American countries? How far is it possible, and in what length of time, to design planning systems such as the one mentioned? Is it necessary to have a planning system of this type if the object of it is routine and unimportant? What is Latin American planning at this time?

To try to analyze some of these questions, which go beyond the formal aspects of a planning system, it is advisable to study table 1 again, but the other way around. That is, to start by examining the functions of a planning system. These are elementary and belong to any system of government: to set up orientations for action on a long term, translate these orientations into annual goals, provide the means of execution of those goals, and to keep an information system that is capable of satisfying the needs created by the formulation, the control and the execution of the plan. In every government organization, these functions are covered independently from the fact that a planning system exists. There are always general guidelines on a long-term basis, even though not in the form of plans. Annual decisions are always taken even if these do not make up an operational annual plan in themselves, nor have a close relationship to the strategy which has been

formally lined up; the systems of execution of decisions are inherent in every public administration, and the same occurs with the information and investigation mechanisms. The problem is, therefore, in seeing that these functions are accomplished individually in an efficient and widespread manner, and that they are integrated in such a way that they make up a system. Planning, as a method, only looks for coherence between the orientation, decision, execution and information mechanisms as well as the efficiency of each one of them as a unit. So, the only new thing that an outline for planning presents that differs from the traditional systems of government is the sense of a "whole" and the need for coordination that must exist between the different aspects or mechanisms of any system of government. On the other hand, if we see planning not as a method in itself, but as the formal rationalization of a process of economic and social change, we really get to the bottom of the problems which are evolving in Latin America. Although technical difficulties do exist, the root of the slow progress shown up to now by planning is to be found in the substance of change that it carries. In those countries where there is no will to change, planning must be developed partially with an accent on technocracy and limited as to its practical consequences. It cannot be any other way, because the continuation of old-fashioned practices in government does not make it necessary to have a new method to judge its validity and justify its prolongation. That is why, in situations such as these, planning is born and is developed with political consent but without political support, which in turn is reflected in technical deficiencies of the planning systems. On the other hand, when a social will to change exists, planning is put to the test, and it is necessary to organize a new form of development on the new system of government. Faced with material things, planning naturally shows up its weaknesses owing to its short existence. The typically technical deficiencies appear then, in the methods as well as in the men called upon to apply them.

Therefore, in order to judge the advances of planning in Latin America, it is necessary to understand that this region has been developing in an atmosphere of serious political limitations. Its birth has been mostly due to the opportunities offered by national and international events, and not to a cautious decision to alter the systems of government, and naturally the first years of experimenting with the new method are always full of formalisms, inexperience, and improvisations. It is also necessary to consider that the methods of planning themselves are as yet incomplete in such important aspects as the technique of annual operational plans.

All this can lead us to stating that there is a tendency towards magnifying the technical complexity of a system of planning. This tendency seems to find support in the circles which materially and intellectually oppose planning, and it is nourished by its slow progress, without considering the difficult environment in which it develops. The complexity of planning is magnified even more if those who criticize it think and believe in routine or traditional processes of development, and, often internal political opportunities such as situations of power vacuum, power impasse, important political changes, sometimes allow for the birth of an elementary planning process in an atmosphere of political consent. This sometimes helps the internal strengthening of the planning offices, but leaves their later development in uncertainty, in a phase of political support and of true testing of its usefulness. That is why even if farther along the analysis of the experiences of planning is made from the formal and technical point of view, we must keep in mind that a great many of the existing deficiencies that can be seen in planning systems today are the product of deeper environmental limitations.

/Table 1

Table 1

TYPE OF MECHANISMS	PLANS	PROJECTS	BASIC ADMINISTRATIVE RESPONSABILITY	MANNER OF PARTICIPATION OF SOCIETY IN THE PLANNING PROCESS	TASKS
<p>- ORIENTATION MECHANISMS</p> <ul style="list-style-type: none"> <li>- Medium and Long Term Plan</li> <li>- Section and Partial Plans of the same nature</li> <li>- Integration plans for the entire region or partial plans of integration at medium and long term</li> </ul>	<p>Medium and Long Term Plans</p>	<p>Preliminary designs of projects</p>	<ul style="list-style-type: none"> <li>- Central Office and Sector Offices for planning</li> <li>- Operational organs for projects</li> </ul>	<p>Popular representation in the planning organisms at various levels</p>	<p>Definition of a Development strategy to set the desired future course for economy and to prove its feasibility and consistence</p>
<p>- DECISION AND OPERATION MECHANISMS</p> <ul style="list-style-type: none"> <li>- <u>Annual Operative Plan</u></li> <li>- Annual Sector Plans</li> <li>- Annual political economy plan</li> <li>- Annual Curreney budget</li> <li>- Annual monetary budget</li> <li>- Public Sector Program Budget</li> </ul>	<p>Annual Operative Plans</p>	<p>Projects with complete economic and engineering studies</p>	<ul style="list-style-type: none"> <li>- Central and Sector Organs for planning</li> <li>- Basic political economy organs</li> <li>- All the administration</li> </ul>	<p>Discussion of the Operational Plans with the executors and the persons benefitted</p>	<p>Translate the future orientations in present decisions</p>
<p>- EXECUTION MECHANISMS</p> <ul style="list-style-type: none"> <li>- Programs for budgetary execution</li> <li>- Mechanisms for generation and evaluation of specific projects with its execution programs</li> <li>- Administrative actions</li> </ul>	<p>Programs for execution of Plans and Budgets</p>	<p>Programs for the execution of the projects</p>	<ul style="list-style-type: none"> <li>- The whole administration</li> </ul>	<p>Popular participation through direct work in the execution of community projects</p>	<p>To make possible the execution of present decisions</p>
<p>- INFORMATION MECHANISMS (For formulation and control)</p> <ul style="list-style-type: none"> <li>- <u>Statistical Information Plan to support the planning process</u></li> <li style="padding-left: 20px;">(i) Continuos statistics system</li> <li style="padding-left: 20px;">(ii) Sample statistics system</li> <li style="padding-left: 20px;">(iii) Census statistics system</li> <li>- <u>Special Research Systems</u> (Natural resources, technology, etc.)</li> </ul>	<p>Statistical and Research Programs</p>	<p>Programing of Statistical Information Systems of Technical Investigations and Natural Resources</p>	<ul style="list-style-type: none"> <li>- Statistics office</li> <li>- Control offices</li> <li>- Investigation Institutes</li> <li>- Executive offices in general</li> </ul>	<p>Channelling of the wishes of the community Popular participation in the gathering of basic information</p>	<p>To supply in a routine manner the whole system with statistical information and with the necessary investigations</p>
	<p>Mechanisms for the formulation and control of Plans</p>	<p>Mechanisms for the formulation and control of projects</p>	<p>Administrative structure adapted to the planning needs</p>	<p>Systems of Popular Participation</p>	

/ IV • SOME



#### IV. SOME PROBLEMS OF STRATEGY AND TACTICS IN THE IMPLEMENTATION OF SYSTEMS OF PLANNING

A planning system such as has been described constitutes a complex mechanism, difficult to create and operate, since it requires important changes in the method of Government, in the mentality of the operators and in the administrative organization. It is, therefore, a task that should be approached by stages that progressively grade the intensity of the changes. Explicitly or implicitly a strategy for creating planning systems has existed, and this strategy, save few exceptions, has had the following characteristics: a) it has been attempted to implement planning immediately on a national level, and not by covering regions and states first, in order to finally cover the entire country; b) in the face of political limitations the planning system has been taking shape by parts, going by an order of sequence with respect to the creation of the already mentioned essential mechanisms, and not defining the stages as a process of gradual simultaneous improvement of all the mechanisms; c) preference has been given to placing greater initial emphasis on the formulation of plans and not on the creation of systems of planning in the hope that their experience in the non-systematic and abnormal formulation may create the conditions for implementation of coherent systems of planning; d) greater importance has been given to the drawing up of medium and long-range plans and very slight to the drawing up of Operational Annual Plans; e) it has been estimated that after several years of training personnel in planning procedures and on the dissemination of methods of planning, the minimum necessary conditions to initiate this implementation by stages of systems of planning do exist; and f) it has been preferred to immediately create new agencies to undertake the tasks of planning rather than assigning said functions to ministries or already existing agencies.

These are facts which it is advisable to analyze in order to reach some kind of a conclusion on their rationality, especially after some years of application of this strategy and evaluation of its results have elapsed.

a) Alternatives with respect to the degree of geographic coverage of the plans

Save for a few notorious cases such as that of Brazil, and in a certain case Argentina and Mexico, it was decided to carry out planning from its first stages to the national level. However, one should ask if in some of the Latin American countries it might not have been easier to find political support and sufficient motivations in certain regions and states, in order to have advanced more rapidly and in greater depth in the tasks of planning. Certainly we are not attempting to establish rigid and general criteria in a matter as complex and varied as this one, but rather to point out that it is necessary to seek with greater flexibility, the conditions and the necessary support if planning is to progress. In this sense, regional planning, as one stage of a more general strategy, may acquire greater importance in the future, especially in those cases where the progress of planning at the national level has stopped, and once the easier road of medium and long-range plans has been travelled.

b) Alternatives in respect to the creation of the mechanisms of the planning system

Planning has been approached in Latin America by following the line of least resistance. Since opposition to the existence of orientation mechanisms (medium and long-range plans) can only be an intellectual or philosophical resistance, still subject to many hues, this was overcome after several years of diffusion, training of personnel, approved statements at international conferences, etc. The isolated existence or non-existence of medium and long-range plans is, therefore, a purely intellectual matter, which does not transcend to the short-term economic reality, although certainly it has future repercussions when it throws light on fundamental problems that burden the economies and thus creates an awareness of them.

Once the stage of medium and long-range plans has been fulfilled, some countries such as Venezuela and Argentina, are now drawing up Operational Annual Plans and National Economic Budgets, in order to guide short-term action. Other countries are also beginning to worry over this problem drawing up biennial plans as an intermediate concept between annual plans and medium and long-range plans. The obstacles for this second stage are evidently much greater, since an attempt is being made to create decision or operation mechanisms linked to the orientation mechanisms. The resistance that is opposed to this phase is quite varied and complex. For the present, the decision to act in a planned manner is certainly a political decision and not an intellectual one, and the changes involved by such a decision range from general political to the small interests of those who have become accustomed to a system of unilateral decisions.

Everything indicates, therefore, that the strategy that is in fact being applied is translated into a certain order of precedence in respect to the formal and co-ordinated enforcement of the various component basic mechanisms of a planning system. Table 2 exemplifies theoretically this alternative without attempting to give an exact representation of the facts.

Table 2

STAGE 1	STAGE 2	STAGE 3
- ORIENTATION MECHANISMS	- Orientation mechanisms	- Orientation mechanisms
	- Decision or operation mechanisms	- Decision or operation mechanisms
		- Implementation mechanisms
		- Information mechanisms

/It is

It is only natural that this strategy imposed by the facts should have serious limitations, which are analyzed in detail in the final portion of this report. The main limitation resides in the fact that there is no planning system for the first stages. It is only with the culmination of the planning process that it acquires a real enforcement. This strategy does not, therefore, fulfill the basic requirement that each stage should support and open the way for the next one. The isolated existence of medium and long-range plans produced by planning offices in turn isolated from the administration and decision groups, drawn-up without the necessary political support, certainly does not add prestige to the task nor do these plans open up promising possibilities for continuation.

A much more logical alternative is presented in Table 3 below.

Table 3

STAGE 1	STAGE 2	STAGE 3
GRADUAL AND SIMULTANEOUS IMPROVEMENT OF ALL MECHANISMS		
<ul style="list-style-type: none"> <li>a) Increasing coverage of the plans</li> <li>b) Increasing precision and detail of the plans</li> <li>c) Progressive adaptation of the organization to new Government modalities</li> </ul>		

In this alternative, from the first stage on, the essential mechanisms of the system exist, but their form is rather rudimentary and will be improved upon in succeeding stages. In this case planning, although rudimentary, is real from the beginning, and therefore shows its usefulness from the first moment on. Each stage makes the attainment of the next one much easier.

Naturally, this second alternative requires more demanding political environment conditions than the previous one, and therefore it has a more limited use. However, the question as to how useful the first alternative is, considering particularly the risks of loss of prestige implied after the first stage of forming an awareness has been completed, is pertinent.

c) Alternative of emphasis with respect to systems and plans

Reality also tells us that countries have given more attention to the formulation of plans than to the design and function of coherent systems. There is a reasonable explanation for this. In the first place, the system of planning implied institutionalizing a process, and this is difficult to

/digest politically

digest politically if the process has not amply proven its usefulness. In the second place, experience in the process of planning appears as something indispensable and previous to its relatively stable standardization and institutionalization. And, in the third place, many countries are urgently forced to establish development plans with international financing. It is because of this that the strategy in this respect seems reasonable. However, in spite of the fact that many countries have been engaged for a good many years in the tasks of planning, there are no indications that they are moving toward the creation of true systems of planning. What should concern us in this case is not then the emphasis on the plans, which appears as tacitly correct in accordance with the circumstances common to the countries of the region, but rather the possibility of stagnation at the level of the first phase.

d) Alternatives of emphasis with respect to the nature of the plans

Within the priority given to the formulation of plans even when this does not take place by means of a conscious decision, concern has been concentrated on the medium and long-range programmes. Due to reasons already explained and which will be given in detail in the following chapters, this approach does not seem reasonable. The same arguments given for (b) are valid for this case.

e) Alternatives of action in time. Advising versus training and diffusion

It is often said that the Latin American countries are not sufficiently mature for planning and that political-environment conditions do not allow them to seriously approach these tasks. This approach leads to the postponement of the tasks of creation of new systems of planning and to center the present concern on the training of personnel in these matters and diffusion of the advantages of planning. In terms of the tasks of the Latin American Institute for Economic and Social Planning, the problem would then be posed as one of Advising versus Training. One cannot fail to recognize that the environment for planning is not an easy one, and that there is still a great deal of misunderstanding. But, the situation is not as extreme as to deliver the task of taking the first steps in the practical field of planning, into the hands of other generations. Besides, where planning on the national level is not possible, perhaps it might be on a regional level, and where general planning is not possible, perhaps there might be partial plans or pre-planning tasks that might be undertaken, as will be defined later.

f) Alternatives of institutionalization of the central mechanism for planning

It was previously said that the functions of planning in Latin America are generally placed in the hands of new agencies that may be called Secretariats (Ministries), Offices or Bureaus of Planning. This approach has had the clear advantage of giving a clear institutionality to a new function of the State, and if the planning systems were really in effect in the already

/defined terms,

defined terms, certainly the decision of creating new agencies, with an adequate hierarchy to perform the central function of planning, is correct. However, within the general picture of the deficiencies that take place in planning for Latin America, the creation of new agencies to carry them out has contributed to their isolation and sterility, leaving said agencies stripped of political support and of connexions with the executive centres of the State administration. We are not attempting here to offer the thesis, sometimes sustained, that the newly-born planning should have its inception under the protection of a Ministry or a strong autonomous organization that might back it in its set-ups. We are only trying to point out that a practical strategy cannot always respect, in its first stages, formal aesthetics which the culmination of a process presents. We are dealing with a very complex problem where much has to be done to assimilate present experiences in order to outline a reasonable secure path.

The outline of concepts presented until now will be useful in order to continue the analysis in the field of concrete problems that are encountered in planning for Latin America.

#### V. DIAGNOSIS OF THE MAIN PLANNING PROBLEMS IN LATIN AMERICA

In the period comprised by the years between 1958 and 1965, and which embraces the first experiences of ECLA (CEPAL) through the first advisory groups and later of the Institute and the Tripartite Committee, notorious progress has been achieved in Latin America with respect to planning. This progress has been much more intense in certain countries and in certain aspects of the planning process. The first point has been translated into an increase in regional differences in regard to the availability of trained personnel and overall efficacy of government operations, a fact which, while limiting regional progress, opens up, however, the possibilities of a beneficial exchange of experiences among the countries of the region in the field of planning for development. The second point is an evidence of the lack of articulation between the mechanisms that comprise the planning systems in each country, which underlines the need of concentrating the efforts at regional aid into the more deficient mechanisms of said systems in order to give them the harmony they now lack.

Among the main failures which planning systems in Latin America present, are the following:

- a) A certain lack of concern for the operational mechanisms of planning systems

This is reflected by an almost complete lack of operational yearly plans that may be translated into immediate goals and policies consequent with the strategy for development established in the medium and long-range plans. The causes of this phenomenon are complex, since factors of an internal political order in the countries exert a fundamental influence on them. A long-range plan does not necessarily commit government action

/nor force

nor force it to a rationalization of the methods by means of which it takes short-range decisions. In a certain sense, medium and long-range plans turn out to be, in many cases, mere statements of principles rather than programmes for action. However, it would be overdoing it if one were to attribute exclusively to causes of an internal political order the absence of operational yearly plans. The non-existence of a clear methodology for the formulation of annual goals and the outline of an economic policy consequent with said goals has also contributed to this state of affairs. The non-existence of said methodology has, in turn, implied the fact that the advisory service provided to countries has also placed a marked emphasis on the drawing-up of medium and long-range plans, therefore contributing to aggravate the abovementioned problem. From the foregoing one may clearly see that it is urgent to accelerate research in the matter of methodology for the formulation of yearly plans and the outline of economic policies in order to thus give greater emphasis to this type of tasks in future work of advising.

b) Deficiencies in coordination between plans and budgets of the Public Sector

An efficient coordination between plans and budgets demands the existence of operational annual plans, due to the following reasons:

i) Because the Central Government budget and that of decentralized groups is drawn-up on the basis of an estimate of the price levels corresponding to the life-span of said budget, while long and medium-range plans are drawn-up on the basis of constant prices. Therefore the decision on the adequate level of public expenditures demands a yearly plan of action to be in force for the same budget period and in which policies on salaries, prices, money exchange, credit expansion, etc., are clearly expressed, as the only way in which the yearly policy for the economy in its overall aspect may be consistent with the budget policy of the public sector.

ii) Because the formulation of the public sector budget implies a very detailed definition and requires that it contain the actions for the following year to be undertaken by the government, establishing physical goals when it should do so, and in any case the costs and expenditure requirements for each of the budget programmes. Therefore the formulation of said budgets requires, as a fundamental antecedent, a relatively detailed formulation of actions for the following year for the overall economy, as a way of co-ordinating the goals of the public and private sectors within a framework of concordant economic policies. Medium and long-range plans do not provide either the necessary details for the formulation of the budgets, nor do they contain all the necessary antecedents that are essential to the task. In this respect one should mention that the goals for next year may differ, sometimes substantially, from the yearly figures of the medium and long-range plan due to reasons such as: a more concrete and detailed knowledge of the possibilities of short-range action, a knowledge that is increased as the date of initiation of said actions comes near;

/non fulfillment

non fulfillment of last year's goals; changes in the foreign trade situation; the appearance of unforeseen events (strikes, increase in unemployment, catastrophes, etc.); special financing difficulties, and lastly, a review of the medium and long-range goals in view of previous experiences. All of this indicates that the formulation of an operational yearly plan, due to its very nature, considers the yearly figures of orientation plans as a fundamental antecedent, but in no way as the only antecedent for the definition of its goals. For this reason, the non-existence of operational yearly plans seriously hinders effective co-ordination between budgets, and plans.

Besides factors already pointed out, it is necessary to state that co-ordination between plans and budgets is rendered difficult by the incomplete coverage of the budget reforms. As a rule, the introduction of a budget system by programmes has been initiated at the central government and in many cases, those reforms have remained limited to that level. In this fashion, decentralized groups and public enterprises, where co-ordination between plans and budgets is of greater importance, have been pushed aside. In very few cases have budget systems by programmes been applied to public business groups which, in so far as resources and general development goals are concerned, are far superior to the traditional scope of action of the state.

It is, of course, possible to effect a co-ordination between plans and budgets without the use of programme budgeting, but the co-ordination possibilities are lesser under those circumstances and the ways and means of co-ordinating much more complicated and generally at the informal level of personal relations. There remains, therefore, an important task to be carried out or fulfilled in the field of budget systems enlarging this coverage to include all the public sector as well as establishing classifications of programmes and activities to render easier co-ordination with annual operational plans. We must also keep in mind that in several cases the introduction of a budget system by programmes has implied an important formal order in the presentation of budgets, but not necessarily a rational programming of public expenditures. In some cases, this is reflected in the approval of budgets in disagreement with the plans but in accordance with the planning offices, while in others, budgets are made and approved without the control of the above-mentioned offices. Lastly, it is not possible to ignore the fact that up to now, in the field of budget reform, emphasis has been placed on the steps of budget formation while the processes of execution and auditing have been relatively speaking, left out of these reforms. This also limits the co-ordination possibilities between plans and budgets, since the absence of adequate budget-audit systems makes it impossible to know whether goals have been reached and the effectiveness and cost of the achievements and, in short, it makes future co-ordination between plans and budgets more difficult in the face of the non-existence of a base for permanent evaluation of previous experiences.

(c) Absence of statistical information systems made-up in accordance with the needs for formulating execution and control of plans.

Common experiences in planning offices show a disproportionate distribution of human resources and time in the search for the information necessary for the formulation of plans under circumstances when central statistical offices, unconnected with planning needs already exist, as well as programs for collecting, processing and disseminating information. Such a situation is even more serious in the case of information necessary for the execution and control of plans when the problem of their opportunity is considered. The poor use made of the traditional capacity of statistical production tends generally to weaken the planning tasks by placing excessive emphasis on the merely mechanical or quantitative aspects, postponing the fundamental tasks of analysis, discussion and persuasion - all essential - to be exercised by the planning offices before the different social groups. Deficiencies of information needlessly complicate the planning tasks and tend to convert them into extraordinary and sporadic efforts followed by periods of relaxation and rest, when they should be continuous, programmed functions. It is important, accordingly, to rapidly make new outlines of the statistical information mechanisms so as to adapt them insofar as content, method and opportunities is concerned, to the needs for formulation, execution and control of plans. This must be done by taking maximum advantage of human resources presently found in statistical offices as well as those of the Public Administration in general who are at present producing deficient or inadequate information in relation to the new requirements of the functions of planning. Until now, proper advising in this field has been very scanty and at the moment a manual is being prepared that will deal with systems of statistical information for planning, so that in the future, aid may be lent to countries in order to help them organize their own statistical systems.

The problem of systems of investigation (or research), which represents the second aspect of the deficiencies in the mechanisms of information, will be analyzed later.

(d) Scarcity of projects 4/

Another of the marked deficiencies in the planning mechanisms in Latin America is the small number of concrete investment projects that accompany plans for social and economic development.

The existence of a planning process aimed at the re-orientation of this type of economic growth, creates not only the need of devising new projects (for a higher investment rate) but basically also projects

---

4/ This part has been prepared with the help of Mr. Jader Andrade of the Institute's Advisory Division.



that are qualitatively different. For the type of traditional policies in accordance with the routine course of economy both the public and private spheres of action, commonly generate a sufficient number of projects although of variable qualities. Therefore, if planning had not increased its demands for new projects, the problem of their scarcity, so acute today, would have another qualitative and quantitative nature. The existence of this problem is characteristic of the political consent phase in which planning develops with difficulty, showing a lack of dynamism in the promotion of strategic projects that may satisfy the new needs. In other words, project-demand is a function of the new orientations that gather the plans but frequently have no political force, while the offer continues to be linked to routine mechanisms, public as well as private. It means that program orientations which serve as an estimate of project-demand have no real power to promote their creation. It is true that the scarcity of strategic projects has multiple causes among which must be mentioned the general climate of development, the technical level of the nations, the nature and magnitude of potential projects, the existence of national consulting firms, institutional problems, etc. Nevertheless, the importance of these possible explanations is to a great extent subject to a lack of a development policy in accordance with the formal expositions included in the plan.

Some of the possible causes of the deficiencies in the preparation of projects of the quality and number needed, are now mentioned below as preliminary hypotheses since the problem really requires a more determined systematic research. On the other hand, the considerable differences in the degree of technical, cultural and economic progress of the countries of a particular region must be recognized for these make it difficult to establish causes general to all, that might explain the scarcity of projects.

One of the important causes of this scarcity is the lack of qualified technicians. In spite of the indubitable importance of this factor, its acuteness is over-estimated when it is considered as the main element; in some cases this appreciation is correct, but in others a more careful examination of the situation forces one to recognize that the problem is of an even more complex nature. In a great number of Latin American countries, public power shows a certain inability to integrate working teams in an organic manner, for the study of projects which, from the viewpoint of national interest and because of their strategic nature, may become incorporated into the general systems of planning. In these countries, as a consequence of the above-mentioned inability, professional people migrate to other work-markets.

In some countries the governments created enterprises with a mixed economy which allowed for the formation of a group of technicians that constitute an elite of government executives. The Public Power was thus able to count on professional people capable of introducing great projects for development. The creation of mixed-economy firms that function as flexible and dynamic mechanisms placed at strategic points in the countries'

economy - where the Government's presence became necessary - permitted them to overcome the existing difficulties with respect to the contracting of professional people.

On the other hand, in those countries where economic growth achieved a satisfactory standard, the wage levels of the traditional public agencies were unable to attract new technicians and were also insufficient to maintain the old, who found better opportunities in the mixed-economy enterprises or else installed private offices for the preparation of these projects. In many cases the absence of industrial project is not only the outcome of the scarcity of technicians in this field, but also of the weakness of national executives who do not effectively demand, projects of this nature. This weakness is itself accompanied by a series of complex sociological problems and/or of structural power that do not permit them to establish a strong policy of stimulus to the national executives, thus leaving them no margin for the development of local consulting firms.

In either case, whether the initiative is taken by government executives or private ones, there is a marked lack of adequate means essential for certain stages of the study of said projects, such as equipment and laboratories.

Institutional problems and the insufficient organization of mechanisms for analysis of projects constitute factors of greater importance than is usually pointed out. Their transcendence arises from the need to better utilize with maximum efficacy, national technicians who in many cases are to be found in appreciable numbers.

In many Latin American countries the public power usually has, in the fields of social investment (housing, schools, hospitals, etc.) and in other sectors linked with public works, an appreciable number of technicians capable of adequately analyzing the engineering aspects of the projects. Limitations in the presentation of studies are frequently linked, in this case, to a deficient analysis of the financial aspects of the projects and their place within the general panorama of the regional or national economy. This same usually deficient orientation is also present in projects involving transportation and electric power.

The high cost of studies of the final projects - which in some cases may represent about 5 per cent of the total investment - forces one to face the organization of the problem in such a manner that it may allow the maximum yield from the available financial resources. Since the study of a project in itself represents an investment that must therefore be subject to a criteria of priorities, it becomes necessary to have a minimum knowledge or understanding of the project that will prevent the cost of the discarded ones from becoming excessive or prohibitive. For this reason, the existence of a mechanism to supply projects, to function in a staggered manner beginning with the generation of basic ideas, the formulation of the preliminary designs and the first draft, is of primary importance for the planning process. In the countries of the region

/the mechanisms

the mechanisms that constantly select the basic ideas and preliminary sketches in order to choose those that merit a greater pre-investment study before they become draft plans, are poorly developed. The draft, in this process, should contain sufficient elements for a more detailed evaluation and better justification until it passes into the project formulation phase and into its program of execution.

This is essentially an organic problem since the planning offices do not rely, generally speaking, on departments specialized in the matter. The problem of project-generation in coordination with economic planning is not given sufficient importance in programs of international assistance. International technical and financial assistance can contribute in a greater measure to solve these problems and undertake studies that are linked with the preparation of the final drafts for the project.

One should underline, in general terms, the fact that the existence of an atmosphere of economic development may contribute decisively to the solution of the above mentioned problems, especially in the institutional and organic aspects which play such an important role.

(e) The lack of realistic financing procedures in plans for development

In Latin America this is another of the most notorious failures encountered in most plans for development. It is the outcome of several different factors. The planning offices have the very logical tendency to base their estimates of potential on internal resources that may be mobilized taking into account the need to achieve a reasonable growth-rate, and these estimates are generally made in a completely separate manner from those of the Treasury Department and Internal Revenue Offices, but based rather on previous general political decisions stressing the need of undertaking reforms in the tax systems. These estimates are normally carried out under serious handicaps as far as statistical information is concerned, which is especially deficient in the case of taxes and in many cases is translated into important increases which are projected from the internal taxative pressure. In the final analysis, they represent projects that maintain a reasonable harmony with the general development strategy that has been planned but which, seen from the viewpoint of political and practical possibilities of such tax reforms, turn out to be temporarily incompatible due to the weakness with which they have been planned. To this one must add the fact that tax reforms, in those cases where they are manifest, are made with a lack of coordination with the criteria of the planning offices. It is, therefore, highly important to achieve proper coordination in respect to the timeliness and essence of the tax reforms, with the criteria for financing established in the plans for development. This as regards domestic financing. With reference to external financing, serious problems also arise since the criteria of the international financing agencies for short-term loans are generally not compatible with the criteria adopted in the plans for development, and they wind up as recommendations for annual economic policies that are quite different from those that would arise from the

analysis of economic diagnosis and development strategies planned. An example may serve to illustrate the problem. A plan for development may set up the goal for achieving a relative equilibrium between the balance of payments at the end of a four or five year period through certain changes in the economic structure, but the international agencies called upon to finance the potential yearly deficits in the balance of payments may not agree with this strategy and condition their financing to a faster equilibrium tendency, let us say one or two years, and as a consequence the short-term policies recommended in the latter case will be very different and possibly incompatible with tax, exchange monetary and salary policies that would follow from the plan for development.

It is then a question of two problems of uncoordination: the first, domestic in type, between the planning offices and the Treasury Departments and, in some cases also with the international tax-reform missions. The second, more complex, is originated by the lack of coordination between the planning offices, the domestic parties responsible for the economic short-term policy (central banks, department of the Treasury, etc.) and the short-range international financing agencies. Naturally, where these problems appear, the result is the unfulfillment of the plans for development and their substitution by shorter-term criteria which are not always rational.

(f) Plans for development and insufficient consideration of problems of regional economic integration

In most cases the plans for development are drawn-up and approved completely apart from the consideration of regional economic integration and, in the best of cases, the plans of neighboring countries (if they exist) are considered, or those of countries whose produce is competitive in the region, so as not to enter into open contradiction.

(g) The relative isolation of the planning tasks

Due to the fact that the planning offices are dedicated almost exclusively to the formulation of medium and long-range plans, they are generally disconnected from government circles empowered to take decisions in the matter of economic policies. This isolation is a product, on the one hand, of the lack of understanding between the mind of the long and medium-range planner and the economic policy executive and on the other, of the lack of antecedents that both parties have, to overcome their misunderstanding. On the one hand, the planning offices are dedicated to tasks foreign to the daily and short-term problems that beset the economic policy executive, and consequently they do not know, in many cases, the problems that these executives face and the practical complexities to be found in the management of the tools of the economic policies. This makes them lose importance before the more influential circles in government decision. On the other, the economic policy executives are absorbed by daily, urgent and relatively intricate problems and, as a result, have the tendency to underestimate, or at least fail to understand, the usefulness of the medium and long-range

/planning tasks.

planning tasks. This lack of understanding turns out to be definitely fatal for the planning offices, since those who do the planning are not the same ones that mark, more or less rationally, the medium and long-range orientations, but are rather the ones who take daily decisions on the management of the economic policy. It may be that the latter plan with incomplete data or that they plan badly, but they definitely do plan because events respond to their recommendations or decisions. Therefore, on one side the planning offices are relatively isolated from the circles where decisions are made in the matter of economic policy, and also, on the other although to a lesser degree, they are isolated from the remaining public administration. In many cases there are sector plans unknown to their executors or the latter are unwilling to carry them out because they had no part in their formulation. But this is not the only problem of isolation, since the planning offices are also usually isolated from the people in general.

It is true that in some cases there are Union and Industrial Agency representatives in the planning offices, but their participation tends to be more of a formality and in any case insufficient since the goal to be achieved is a real and dynamic popular cooperation in the formulation as well as in the execution of the plans. There are, nonetheless, partial exceptions as in the case of the sector plan for industry in Paraguay, which was executed with the active participation of the contractors, who provided confidential antecedents, analyzed production goals, produced new ideas on projects and in general lent their collaboration. But even in that case, the total absence of the remaining population groups was evident in the planning tasks. All this means that there is still a great task of persuasion ahead, aimed especially at the executors of the economic policy and at those responsible for the achievement of the goals of the plans. This persuasion can no longer be carried out in the field of logic, but rather it must go into the field of action giving a practical demonstration of the usefulness of planning. To this end, a greater attention is necessary in the short-term planning offices, training groups of experts that may serve usefully as connections between the mentality of the medium and long-range planner as well as that of the practical executor of economic policy. The final solution, however, can be nothing but the formulation of annual plans of operation as the combined product of the planning offices, public administration in general, and particularly, the spheres of decision in matters of economic policies.

(h) Premature Institutionalization of the Planning Systems

In those cases where the planning develops without continuing political support, the planning groups are understandably motivated to take advantage of favourable internal situations in order to institutionalize the planning and thus create a formal, functional scheme that may insure a certain permanence to the plans. This has often led to the adoption of formal, rigid and ambitious schemes that experience has later shown have served as fetters for the same planning activities and aroused hopes which cannot be fulfilled. In Latin America there are many

/cases of

cases of ideal planning schemes which have no real life, of obligations imposed by law that remain unfulfilled, of agencies that have functions but no technical personnel to execute them, of formal means of coordination that do not operate, etc.

This tendency, not peculiar only to Latin American experience, seems to be characteristic of the initial stages of planning.

(i) Deficiencies in the system of investigation of natural resources and of technology to utilize them.<sup>5/</sup>

Finally, among the remaining problems to be solved, the inadequate knowledge that the same Latin American countries have of their own natural resources, must also be mentioned. This is, undoubtedly, a world problem which affects even many developed countries, but which acquires extreme forms in this region.

Plans for development must rest on concrete and feasible possibilities; therefore, they will gain in precision and scope through a more complete and profound knowledge of the country's resources.

There is a limitation in the means that may be mobilized to fulfill the purpose of ascertaining in a deeper and more complete form the natural resources of a country. This purpose, in turn, needs a better definition of its ultimate objective: Economic Development.

Planning techniques for economic development must envisage as part of their working tools the planning of investigation of natural resources. This presupposes the co-ordinated activity of professional men in three different fields: Economy, Natural Sciences and Technology.

Scientists and technicians have to translate the results of their investigations into data that can be handled by the economists and the latter, in turn, have to orient researchers in the orders of priority in the master lines of the investigation so that the scanty resources available for said investigation on economy and technology, may be used in such a manner as to obtain maximum social and economic benefits.

The study of natural resources, like planning in general, makes use of two different approaches: short-term and long-range. The long-range approach has reference to the systematic knowledge of a country's resources or those of a region, knowledge that in time will grow in quality and depth, thus permitting new projects to be drawn-up. The short and medium-range approach must be applied to specific projects that will be carried out and studied as to their feasibility. This demands a minutely detailed study

---

<sup>5/</sup> This part was prepared with the help of Mr. Estevam Strauss, of the Institute's Advisory Committee.

of natural resources. The short-term approach, which is the most frequent, is based on pre-existing, more or less extensive knowledge. The long-range approach has been applied mainly by research institutes which, in general, do not have a clear vision of the economic importance of the studies they undertake; it therefore follows that frequently they do not make the distribution of resources according to adequate norms of priority. The lack of co-ordination leads to a waste of human resources and substantial quantities of materials and supplies; and, at the same time, the lack of objectivity of the plans makes it very difficult for the research agencies to obtain the necessary resources from financing agencies.

The two approaches to which we have made reference are complementary; the long-range one has lesser possibilities of attracting major financing so it becomes necessary to make the best of the short-range projects; those that more amply justify the allotment of resources to basic studies (frequently these studies are carried out hastily and at a high cost).

The study of specific projects generally undertaken in limited zones (we refer to mining, agricultural and other operation projects) that demand detailed exploitation, contribute considerably to systematic studies not only because of their usefulness as samples or models, but also because of the intensive training in work that can be offered to young University graduates. If the contracts to undertake this type of studies could include the participation of the country's research institutions, one would have found a way to lend objectivity to their programmes, enrich financial resources and facilitate the training of personnel.

We believe this is the best manner in which to break away from old, deep-rooted routines found in the traditional research agencies, and thus increase their efficiency by transforming them into dynamic teams for development. The influence of the planning agencies on the distribution of resources allows them, in a large measure, to set conditions on the programmes of the research agencies. The procedure for obtaining a more effective participation from the potential natural resources of the countries in their economic development should consider the following:

(a) Evaluation of the institutions which, in one way or another, are devoted to research on natural resources;

(b) Analysis of exploitation projects for natural resources already implemented by the various countries, in their varying stages, from those that are at the beginning phases to the ones already under way.

(c) Evaluation of each single project as to the degree of knowledge about the natural resources pertinent to it, and the necessary studies to be made in order to obtain the required information for the preliminary draft, feasibility and implementation studies;

/d) Evaluation

(d) Evaluation of the means necessary to undertake the studies mentioned in (c) within an order of priority compatible with the plans for development and financial and technical resources to be found in the countries and those that may be obtained from the outside;

(e) Programming of the re-organization of the system of natural resources research in each country in order that they may increasingly participate in the study of projects and more and more in their creation. International finance and technical assistance agencies may help much in this program, seeing to it that the project-study contracts, besides reaching their immediate goal, do contribute permanently to the development of research systems for each country's natural resources.

(f) Re-formulation of the programmes for systematic studies so that those areas with a greater potential for development may have the necessary priority, thus rendering easier the generation of new projects;

(g) Promotion of interchange between Latin American countries, of scientists and technicians that may assist directly in the projects in order to better utilize the human potential to be found in some countries, and facilitate the training of personnel in the receiving countries.

In a recently published document from the Institute <sup>6/</sup> these problems are analyzed in greater detail.

All the previously mentioned defects may be synthesized in the fact that there are no planning systems but rather groups or institutions that produce plans in an abnormal environment with an extraordinary effort and in relative isolation from the fundamental sectors of society, and therefore, without the adequate support of these sectors. All of which undermines the continuity and normalcy that the planning tasks must have to be successful.

---

<sup>6/</sup> Some Aspects of the Investigation and Exploitation of Natural Resources in Latin America that are related to Economic Planning. Estevam Strauss, Director of the Institute's Advisory Board, 1965.