REPORT OF THE DIRECTOR-GENERAL OF THE LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING TO THE GOVERNING COUNCIL AND PROGRAMME OF WORK FOR 1966

Note by the secretariat

For the information of representatives attending the eleventh session of the Committee of the Whole of the Economic Commission for Latin America, and in connexion with item 6 of the provisional agenda, the secretariat has pleasure in transmitting the attached report (INST/41) submitted by the Director-General of the Latin American Institute for Economic and Social Planning to the Governing Council at its seventh session (New York, December 1965). It is also transmitting the Programme of Work for 1966 (INST/42/REV.2) adopted at that session. The two documents will provide representatives with detailed information on the results achieved by the Institute in its four years of existence and the prospects regarding the next stage of its activities, points dealt with the document E/CN.12/AC.58/6 which is intended to interpret the meaning and significance of the Institute.
LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

GOVERNING COUNCIL
Seventh meeting
New York, 16-17 December 1965

REPORT OF THE DIRECTOR GENERAL OF THE INSTITUTE
TO THE GOVERNING COUNCIL
ECLA and the Institute this year have lost two of their best men. Latin America has lost two eminent economists. Their contribution will influence thinking on economic and social development for many years to come. We pay tribute to Julio Melnick and Jorge Ahumada.
INDEX

I  Introduction
II  Training Activities
   a) Evolution of the Training Programme
      1. Background data
      2. Training in development planning
   b) Training programme, 1965
   c) Prospects of the training programme
   d) Work programme for 1966
III Economic research
   1. Integration and national development plans
   2. Economic development research
   3. Natural resources
   4. Financial programming
   5. Human resources
IV  Joint programme on the integration of industrial development
V   Advisory assistance activities
   1. Development of advisory assistance activities
   2. Advisory assistance activities in 1965
   3. Advisory assistance programme for 1966
VI  Generation and preparation of projects
   1. Trends and prospects
   2. Activities in Latin American countries in 1965
VII Social programming
   1. Work trends and prospects
   2. Activities in 1965
      a) Study on stagnation and development in Latin America
      b) Latin American Conference on Children and Youth in National Development
      c) Other activities
VIII Seminar on planning
I. INTRODUCCION

There is no doubt that planning has become a general practice in Latin America during the last few years. Although it is true that several countries of the region had previously undertaken partial efforts in planning, it is only in the last five years that they have nearly all embarked on more deliberate efforts to establish planning processes and machinery.

This progress has given rise to an increasing demand for trained personnel, advisory assistance to countries and basic and applied research aimed at adapting the methods and techniques evolved by the industrialized countries to Latin American conditions. Accordingly, soon after these planning processes were initiated, the Economic Commission for Latin America (ECLA) decided to establish the Institute as an agency which could help to meet the training, advisory assistance and research needs. The Institute therefore came into being in response to a need arising from the actual situation in the Latin American countries.

It should be noted that planning in Latin America is not simply an attempt to introduce up-to-date techniques tried out in other countries. On the contrary, it emerges concomitantly with powerful movements of opinion centering on the urgent need to undertake sweeping structural changes at the national level. As planning advances, the countries of the region are making increasing efforts to integrate their economies. Moreover, once the first stage involving the institutional organization of planning and the preparation of plans is accomplished, problems are brought into focus which relate more to the operational phases of planning and its relationship with the direction of economic and social policy, e.g., unemployment and underemployment, income distribution, inflation, the stagnation of the industrialization process through import substitution, the need to remove fiscal and external disequilibria, and the need to modernize and adapt public administration systems.

Planning should come to be a competent instrument for dealing with these problems; consequently, it has been the subject, in recent years, of growing demands to serve as an instrument for guiding and coordinating development policy.

The burden of these requirements has fallen essentially on the countries'
public administration, which is generally ill-equipped to meet them. This entails the need to train numerous highly skilled teams at all levels of economic and social policy; the gathering of a great deal of objective information and the analysis thereof; and, above all, budgetary and administrative reforms that would permit the translation of policy guidelines into programmes and projects, the establishment of mechanisms for coordinating the State machinery itself, and the incorporation of the private sector in the work of devising and implementing plans.

The evolution of planning in Latin America has conditioned the Institute's activities. Thus in 1962 its work was confined essentially to training — and to a certain extent — advisory services; but in the last few years it was necessary to expand and improve the training programme to cover practically all the Latin American countries and a far wider range of planning specialties and sectors; it was also necessary to contribute to the establishment and work of advisory groups that provide technical assistance to the Governments of ten countries of the region, and to carry out a large number of specific advisory missions to a further five countries.

When the Institute was first set up, its research activities were confined to those related to teaching. As its staff and functions became more firmly established, it was able to intensify this type of research and extend it to new fields and, in particular, to tackle major economic and social development planning projects in other spheres, through two teams of researchers set up for the purpose.

As a result of these activities, a printing programme has been launched covering the printing and circulation by a well-known Latin American publishing firm of studies and handbooks on economic development and planning and of documents describing other research carried out by the Institute. This programme includes the publication of six volumes in 1966, four of which are in the final stages of editorial process.

The above activities have been supplemented by the holding of several seminars — on educational planning, fiscal accounting, natural resources and organization for planning — at which there has been an exchange of ideas and experience among noted specialist from Latin America and other parts of the world, and Institute personnel.

/The Training
The Training Programme has been expanded along three main lines. Firstly, the number of trainees has been increased; secondly, the geographical area has been extended as regards both the number of countries in which the courses take place and the nationality of participants; and thirdly, a wider range of specialties has been covered in the sphere of economic planning and the social sectors have been introduced as a lasting concern of the Institute.

The Institute provided training for 433 professionals in 1962, and 546 in 1965, a total of 2,060 participants having attended all the courses held in the last four years. Moreover, intensive courses were held in six countries in 1962, and in eight countries in 1965, besides those organized in other countries of the region by national institutions to which the Institute gives support, in line with the promotion policy indicated in earlier reports. During the past four years the specialties covered by the Basic Course have included general, public sector, industrial, agricultural, transport, budget and human resources programming, some of which have been introduced in the intensive courses held in the various countries. Furthermore, special courses on educational and health planning have taken place every year since 1962, the number of participants attending the latter having increased from 47 in 1962 to 109 in 1965.

In addition to these quantitative trends, an intensive effort has been made gradually to reorganize the Institute courses with a view not only to improving the teaching efficiency and technical level, but more especially to adapting each course to the conditions of development and planning problems with which it is concerned, according to the country, area and specialty covered.

The advisory services carried out by Institute staff members in the various countries have shown how far the training of national officials has helped to strengthen the planning machinery, and have also brought into focus the need to introduce gradual improvements and changes in the training programmes. One of the most deeply felt needs is the provision of opportunities for additional training and research to a limited number of participants of outstanding ability and promise. These participants - as provided for in the programme prepared for next year - could remain at the

/Institute engaged
Institute engaged in research, advisory and other activities, or even in the capacity of assistant professors.

The training activities of the Institute and of other national and international bodies in Latin America has aroused universities of the region to an awareness of the need to modernize the teaching of economics and to adapt it to national development requirements. In response to this need, the Institute began in 1964 a more systematic rapprochement with universities, and particularly with faculties of economics. Some headway had been made in this direction in previous years through the incorporation of professors and assistant professors of schools of economics to the Institute's courses and also through the organization of intensive training courses in conjunction with universities in several countries.

In the last few years the Institute has been cooperating directly with the Faculty of Economics and Administration of the University of Concepción, Chile, in the reorganization of its curriculum. It has also begun to cooperate with universities in Uruguay and Perú. This contribution consists in helping to define the type of professional it is wished to train, to prepare concurrent curricula with that end in view, to specify in detail the content of the subjects taught and to reorganize teaching techniques and systems of promotion.

As regards advisory assistance, the Institute helped to establish planning advisory groups in nine countries, including the group covering the five Central American countries. This involved activities designed to support the action of the OAS/IDB/ECLA Ad Hoc Committee on Co-operation in the constitution of these groups, the definition of their functions and work programmes, assistance in their specific undertakings and, in general, an intensive effort to help in the formulation of plans and the initiation of planning processes.

In addition, the Institute has helped nearly all the Latin American countries to establish performance budgeting, which is considered a key instrument of administrative reform and of the efficient operation of the planning process.

Experience has shown, moreover, that it was necessary to establish these activities on a continuing basis and to adapt them to the new /requirements imposed
requirements imposed by the progress made in planning in other strategic sectors. In order to meet these needs, the Advisory Services Division was established in 1965, consisting of a team of officials whose attention would be permanently centered on this work; the necessary financing was obtained from the United Nations Special Fund with the firm support of countries of the region. On this new basis, advisory assistance is given through the team of experts in this Division, in consistence with pre-determined needs and programmes. The first projects of this nature were undertaken in Bolivia and the Dominican Republic, in 1965, by groups sent there by the Institute to provide over-all assistance in critical phases of the planning process.

In other countries the initial steps were taken to integrate frontier zones (in co-operation with the Inter-American Development Bank - IDB) and to provide specific and specialized advisory services in such fields as natural resources, the application of decision-making techniques to economic policy problems, fiscal organization and social development.

Another sphere in which the Institute is beginning to extend its radius of action is the promotion of project preparation within the context of planning. The extensive work of training and basic research accomplished in previous years and the valuable experience gained by the advisory groups in this sector has made it possible to start sending missions to countries of the region in order to strengthen their machinery for the formulation and preparation of projects with a view to helping to make their planning efforts operationally feasible. These activities were carried out in Ecuador, as a co-operation with IDB as that country's financing agency, and in Uruguay. In essence, this action represents a direct effort to deal with the shortage of projects and improve their compatibility with the development programmes that are in course of preparation. The experience gained, linked to the efforts that are being made in relation to natural resources, the development of particular areas, administrative reorganization and sectoral programming, should help to clarify the nature of the difficulties hampering projects and facilitate the drawing up of specific programmes and policies designed to solve them.

Increasingly, the Institute's activities are based on research. The

/training and
training and advisory programmes have been taking shape in accordance with the results of the research that is constantly being carried out on specific development and planning problems in Latin America. These efforts have resulted in the preparation of studies and handbooks — shortly to be printed — benefiting from experience in the field and presenting the theoretical and analytical elements of the various branches of teaching. Other results are the techniques and procedures that have been applied in advisory services as planning has gradually entered the operational phase. These techniques relate specifically to the problems involved in the implementation of plans, the shortage of projects, the investigation and development of natural resources, administrative reforms and regional aspects of planning.

Basic research, moreover, has been focused on three main fields: economic integration, social development and an effort to interpret the Latin American economic development process. The aim of the last two types of research, which from the start have been closely related, is to arrive at a synthesized socio-economic interpretation.

In the first of these fields, preliminary versions have been issued of the following studies: La integración económica y los planes de desarrollo and Efectos de un programa regional de sustitución de importaciones sobre la brecha del sector externo de América Latina. Moreover, a methodological study has been prepared for the course on planning techniques with the purpose of demonstrating the potential effects of a number of hypotheses of integration and growth rates on the principal variables contained in the plans.

In the social sphere, research activities are focused on a long-term study project in which an over-all interpretation is sought of Latin America's development process. This research was devised and initiated in 1965 and a trial presentation of its basic hypothesis is entitled El proceso de desarrollo en América Latina (una tentative de interpretación sociológica. Some preliminary documents have been completed for purposes of this research: Las élites empresariales en América Latina, Las clases populares y el desarrollo social, and La incorporación de los sectores obreros al proceso de desarrollo. Another study indicates some of the effects of over-all development on cultural development in its broadest
sense. This research is embodied in the document entitled *Filosofía del Desarrollo*.

The interpretation of Latin America's economic development - the subject of one of the major research projects - is based on the preliminary text used in the training programme, which combines information on the framework of past regional development with an examination of development theories, a quantitative analysis of the development process and an attempt to interpret the latter in relation to Latin America. The provisional version is embodied in the study *El desarrollo económico*.

A review of the work done so far will show that the Institute has made intensive efforts in all its spheres of activity to assist in the development of planning in Latin America. However, the very headway made in this process, its scope and the changes effected in it call for a sustained effort to bring the Institute's activities increasingly into line with actual requirements.

*Activities in 1965*

In 1965 the Institute continued to intensify its activities in personnel training, economic and social research, direct advisory assistance to countries and the dissemination of studies and techniques.

Thus, in the various types of courses under the Training Programme, emphasis was laid on a more thorough examination of problems arising from the need to ensure that the plans would be feasible at the operational stage. This was done mainly by considering, in different fields, the particular features of the development processes in various countries of the region.

It was further endeavoured to adapt several of the intensive courses that took place in 1965 to the planning characteristics and needs of the countries in which they were held. Accordingly, in some cases the intensive courses embraced specialties in fields where the shortage of technicians seemed more acute, while in others they were held in countries and areas where support of the planning process was imperative if successful results were to be obtained.

Steps have also been taken to supplement the teaching programme by paying more attention to the social aspects of development. This was done primarily by incorporating in the Basic Course the initial results of the /research carried
research carried out by ECLA and the Institute in this field. The aim is to bring closer into harmony the inter-disciplinary efforts of sociologists and economists and to provide planners with the analytical tools that will give them a fuller understanding of the reality they have to deal with.

As regards economic research, attention was focused mainly on the project relating regional integration and national development plans, progress in which has already been considered at the last few meetings of the Governing Council. In the first place, the aim was to establish a methodological base for incorporating the effects of integration in national plans and for orienting integration efforts in terms of a regional development policy. This gave rise to the need to prepare a general framework that would serve to provide a picture of the growth prospects for the region as a whole, to determine the influence integration might have on this growth and to consider the benefits to be gained from different integration possibilities as regards the development of groups of countries. In 1965 a first stage in the preparation of that framework was completed by investigating the specific possibilities that a regional import substitution programme might offer of reducing the trade gap conditioning Latin America's growth possibilities. The results of this research are reviewed in the appropriate section of the present report.

In the sociological research conducted in 1965 it is endeavoured to gain a deeper insight into the possibilities and media for the development process in Latin America, through a number of studies on the major social forces bound up with that process. In this respect, research has continued on the training, orientation and modes of operation of entrepreneurial and labour sectors in relation to the development possibilities open to countries and to the participation of these sectors in the formulation and execution of plans. A study is also being made of the State's role in this field, and of the forces conditioning its action and machinery at the various stages of development in the Latin American countries. The aim of these activities is to establish close links with the work of the economists, who are seeking to expand and improve the instruments for understanding the actual state of affairs in the countries of the region, through an over-all socio-economic approach which makes it possible, on the basis of a broader criterion to
criterion to determine guidelines for the efforts to achieve economic
development and social change.

Furthermore, in practically all the branches of planning covered by the
Institute, more or less intensive research has been carried out according to
the needs and work programme of each specialty. A large proportion of this
sectoral research is closely related to teaching and, in particular, to the
preparation of publications. In other cases, including natural and human
resources, research is the essence of the work performed, since these are
provinces in which it is essential to have a deeper and more systematic
knowledge of the subject and its relationship with economic and social
planning so as duly to incorporate the specialties concerned in the
Institute's activities and, more important still, in the planning process
under way in the various countries.

The activities connected with advisory assistance to countries have
been gradually re-oriented on the basis of an analysis of the fund of
experience accumulated in the last few years - both at the national level
and at that of international co-operation in planning - and of consideration
of that experience at recent meetings of the Governing Council. The goal
pursued this year has been to strengthen the Institute's advisory services,
adapting them progressively to the different stages of planning in the
various countries. With that end in view, the countries of the region - as
mentioned before - requested the United Nations Special Fund, in 1965, to
increase the Institute's resources in order to set up a group of experts
for the purpose. This group has already provided advisory assistance to
various countries, operating under the new system described in the
appropriate section of this report.

As regards projects, too, the Institute has considerably intensified
its activities in the Latin American countries, on the basis of the guide-
lines laid down by Mr. Julio Melnick concerning the question of project
promotion as part of the planning process itself. These guidelines are
contained in the document entitled Promoción de la preparación de proyectos.
As broadly outlined in this document, the Institute initiated action in 1965
at the country level, and in close collaboration with IDB, to determine
more accurately the causes of the shortage of projects, at the same time

/making a
making a practical effort to help remove those causes, with the purpose of making the development plans that are in course of preparation more effective at the implementation stage. The first results of these efforts have been encouraging.

The initiation of the Institute's printing programme this year called for an intensive effort in order to complete the preparation and revision of various texts as mentioned above. These activities will continue in the next few years and will take the form of preparation and revision of texts on economic development, public sector programming, agricultural programming, social accounting, planning techniques and other subjects emerging from the training programme itself and from the economic and social research alluded to before.

A Seminar on planning problems in Latin America was held in July. This Seminar, based on specially prepared documents and on the experience contributed by the participants—experts from various countries and from international agencies—gave rise to an open exchange of knowledge and views on planning in general and on Latin American experience in particular. The Seminar reflected the prevailing concern with respect to the persistence of fundamental problems hampering Latin America's development, and, therefore, went beyond the purely technical and operational sphere. The anxiety felt in the region regarding the planning process was approached from a very broad standpoint, and thus the discussions were focused essentially on two central questions: firstly, how to make planning an instrument of development in which the needs and hopes in respect of Latin America's transformation and progress would find genuine expression; and, secondly, how to apply the patterns and procedures most compatible with progress in planning so that the latter would serve as an instrument for efficiently shaping a development policy aimed at solving the fundamental economic and social problems. The importance and topicality of the subjects discussed prompted the decision to prepare a study which is to embody the efforts made at the Seminar to throw light on the matter, and is expected to be presented early next year under the title of Discusiones sobre planificación.

Research on the following fundamental branches of industry in the region was continued under the Joint ECLA/IDB/Institute Programme on Industrial Integration in Latin America which was established in 1964:

steel-making
steel-making, aluminium, copper, the chemical and petrochemical industry, textiles, pulp and paper, and industrial machinery and equipment. The aim, based on market studies - both national and regional - and analyses of supply capacity and the technical and economic operating conditions of plants, is to provide criteria for the formulation of programmes for the integrated development of these industries.

To these general considerations on the Institute's activities in various fields could be added the continuing efforts being made in other sectors (industry, agriculture, educational planning, natural resources, etc.) and the Institute's participation in the activities of other institutions, such as ECLA, UNICEF, IDB and its Latin American Integration Institute. Further details on the above-mentioned activities are contained in the body of this report.

In all these efforts, the Institute has been given generous support and encouragement at both the national and international level. A clear sign of that support was the Government's contribution to the expansion of the advisory services through a supplementary Special Fund project. The same applies to the firm support of all the international agencies associated with the Institute's activities, in particular, ECLA, the United Nations Special Fund, IDB, the United Nations Technical Assistance Programme, UNESCO, UNICEF, FAO, the ILO, the Pan American Sanitary Bureau and OAS. Close co-operation has been maintained with the Agency for International Development (AID) which grants fellowships under the training programme.

The Institute's advisory Committee met twice during the current year, and this also contributed to smooth co-ordination with the member agencies.

Attention should be drawn to the professional relations and collaboration that have been established with the Secretariat of the Conference on Trade and Development and with the United Nations Economic Projections and Programming Centre in connexion with the work on Latin America's trade gap; to the Institute's participation in the U.N. Seminar on Planning External Sector Techniques, Problems and Policies, which took place at Ankara, Turkey, in September 1965; and to the measures adopted to establish satisfactory relations with the United Nations planning institutes operating in Africa and Asia.

Useful co-operation has been maintained with Commissariat du Plan (France) and with the Organization for Economic Co-operation and Development (OECD).

Throughout its work the Institute has enjoyed the traditional hospitality and support of the people and Government of Chile.

/11, TRAINING
II. TRAINING ACTIVITIES

A. Evolution of the Training Programme

1. Background data

These activities go back to 1952 when ECLA initiated annual eight-month training courses on economic development. The fundamental purpose of these courses was to spread the analytical techniques used by ECLA in its studies on Latin America's development and to study the basic concepts and instruments of economic planning and their adaptation to the conditions ruling in the countries of the region. This phase lasted until 1959.

During the first few years the courses were attended by about thirteen participants, mainly economists and engineers associated with public institutions with a part to play in the formulation of economic policy, or with bodies responsible for the preparation of over-all and sectoral plans. The participants increased slowly in number up to 1959.

The method of teaching consisted chiefly in selected reading, round-table discussions and lectures by a limited number of professors, which served to supplement the classes on analysis of economic development and planning techniques given as part of the curricula by Mr. Jorge Ahumada. Each participant was also required to prepare a monograph on development problems in his own country. These early courses had a decisive influence on the forming of Latin American economists.

An important result of these courses was that, although they dealt mainly with over-all aspects of development and planning problems, the participants, faced with concrete planning problems back in their own countries, helped to clarify and broaden sectoral and particular concepts of specific planning techniques. These were later made use of to transform the Training Programme and enrich its content.

/2. Training
2. **Training in development planning**

(a) **Basic Course**

From 1961–62 onwards the Basic Course on Development Planning has consisted of a period of common training for approximately 60 per cent of its duration, and specialties which are taught the rest of the time. This was consistent with the spread of planning activities in the Latin American countries, which created a fresh need for trained personnel to deal with questions related not only to the analysis of development and over-all planning, but also to sectoral problems and the formulation of the relevant plans.

The first part of the Course was organized on the basis of specific subjects designed to provide sound training in economic theory, thereby facilitating a more thorough and critical study of planning techniques. Each subject, in turn, was gradually enriched by the accumulated experience of the advisory groups and by the results of the research being undertaken by the Institute teaching staff.

The existence of specialties and the countries’ growing demand for this type of expert gave rise to a substantial increase in the number of participants in the Basic Course (see Tables 1 and 2).

It is of interest to note certain factors in the evolution of the specialties which serve to illustrate the changes and problems confronted by the Basic Course on Development Planning.

It goes without saying that it was not possible to include all the specialties in each year’s curriculum, since that would have meant a very large number of participants during the period of common training, besides other problems involved in organizing the subject matter.

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<th><strong>III. Special courses</strong></th>
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### Table 1

**TRAINING PROGRAMME, 1952-65**

**Number of Participants**

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*Mid yearly (except in 1960) in Santiago, Chile.*

*Note:* The courses organized by the Institute and subsequently bodies with the Institute's co-operation.
RAMME, 1952-65

Table 2
Santiago, October 1965

the Basic Planning Course

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<td>74</td>
<td>75</td>
<td>68</td>
<td>51</td>
<td>441</td>
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Table 3

TRAINING PROGRAMME

Distribution of Participants in the Basic Course by Profession

<table>
<thead>
<tr>
<th></th>
<th>Economists</th>
<th>Civil Engineers</th>
<th>Agricultural Engineers</th>
<th>Lawyers</th>
<th>Other Professionals</th>
<th>Total</th>
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<td>40</td>
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<td>1962-63</td>
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<td>1963</td>
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<td>1964</td>
<td>42</td>
<td>17</td>
<td>3</td>
<td>-</td>
<td>6</td>
<td>68</td>
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<tr>
<td>1965</td>
<td>35</td>
<td>7</td>
<td>3</td>
<td>-</td>
<td>6</td>
<td>51</td>
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<tr>
<td>Total</td>
<td>215</td>
<td>61</td>
<td>16</td>
<td>12</td>
<td>25</td>
<td>329</td>
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</tbody>
</table>
It is interesting to note that, as shown in Table 3, 65 per cent of these professionals were economists, 18 per cent civil or industrial engineers, 4 per cent agricultural engineers and 3 per cent lawyers.

The specialties, which are taught over three or four months, are not intended to provide complete training in the detailed planning of each sector. This type of teaching aims at the training of diversified groups of planners who will be able to pool their various efforts and knowledge in a task which must necessarily be carried out by a team.

Moreover, the teachers of specialties are carrying out research and advisory assistance activities and are therefore closely linked to the planning problems emerging in countries of the region. This is reflected in a vigorous improvement in the teaching system and in the introduction of new subjects.

There follows a brief account of the most important features of each specialty, in line with the latest curricula (see Table 4).

The essential aim of the specialty on general planning, which has been held without a break since 1961, is to give careful consideration to the theoretical and practical aspects of economic planning techniques. This permits the participants to analyse and discuss problems related to the evaluation of the future prospects of an economy, the strategies for its development and the formulation of the appropriate economic policies.

In the specialty on industrial planning an analysis is made of the problems and requirements imposed on the manufacturing sector by the development process and consideration is given to the changes that need to be made in general planning techniques in order to bring them into line with the peculiar institutional, structural and technological characteristics of the industrial sector, as consistent with the actual situation in Latin America.

The specialty on agricultural planning aims at developing and discussing a comprehensive scheme covering the various questions involved in the formulation and implementation of plans. The analysis embraces institutional and administrative problems, sociological questions and, in particular, those related to agricultural technology and planning techniques, which are embodied systematically in a methodology that is linked to the complex of general development problems.

/The specialty
The Specialty on public sector planning responds to the need to study the economic, institutional and technical problems presented by the general government, decentralized institutions and public enterprises, with a view to bringing the public sector's production of goods and services into line with the requirements and objectives of the development process. It is based on recognition of the preponderant role the State is called upon to play in the economic development of Latin America.

The specialty on budget planning is designed to train personnel in the preparation of public sector budgets according to the guidelines contained in development plans. It includes a study of the administrative organization of budget machinery as an instrument for the implementation of plans, the evaluation and critical appraisal of public control and accounting systems, and different facets of the preparation and operation of budgets by programmes and activities.

The specialty on transport planning is intended to analyse not only the technical and economic, but also the administrative and financial, aspects of the complex of transport services in relation to development planning. This leads to the consideration of such questions as co-ordination of the different media, policies for their promotion and control, the use of specific resources, regional development and others. Possible solutions are discussed and specific examples of Latin American experience presented.

The specialty on human resources planning was held in 1963 on an experimental basis. It focused on a study of skilled manpower needs arising out of the development process, on questions related to vocational training and on the study of problems inherent in employment policy and the labour market. Since then, work has proceeded on certain research and advisory assistance activities connected with these subjects.

The Institute's training programme prospectus\(^1\) contains a full description of the content of the subjects taught at the stage of common training and specialties.

\(^1\) See *Prospecto del Curso Básico de Planificación*, Santiago, Chile, 1965.
### Table 4

**TRAINING PROGRAMME**

**Spécifices in the Basic Course**

**1961-65**

* (Number of Participants)

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<td>2. Agricultural Programming</td>
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<td>3. Industrial Programming</td>
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<td>4. Budget Programming</td>
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<td>5. Public Sector Programming</td>
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<td>6. Transport Programming</td>
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<td>7. Human Resources Programming</td>
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</table>

|               | 61 | 74 | 75 | 68 | 51 | 329 |
(b) Intensive Courses

The spread of ideas centering on development problems created a desire in the Latin American countries to extend this knowledge to a larger number of government officials and professionals and was conducive to the holding of intensive courses of three or four months' duration, designed to provide a synthesis of the problems dealt with in the Basic Course held at Santiago.

The intensive courses were initiated in 1955 and, as can be seen in Table 5, they extended rapidly to nearly all countries of the region, covering a large number of persons. Their growth has been through the co-operation of lecturers belonging to technical groups in the various countries, which had already had some contact with Institute and ECLA activities, and more recently through a significant contribution made by experts attached to the advisory groups.

The curricula of the intensive courses were influenced by the countries' desire to meet their different personnel training needs; some of them have included since 1963 the main aspects of certain specialties, while others dwelt in detail on such important topics of planning as projects, regional programming, national accounts, etc.

The results of this effort to diversify the intensive courses indicate that the present line of action should be continued and improved upon.

Furthermore, certain professional or university groups that have come into being conduct courses along similar lines, in which the Institute co-operates by helping to prepare teaching programmes, providing teaching material and making certain lecturers available.

A case in point is the Paraguayan Economic and Social Development Center (CEPDES), a private association which has held this type of course every year since 1963.

(c) Special Courses

The provision of advisory assistance to countries has shown the need, for national planning mechanisms to include specialists in social sectors, who would be willing and able to promote the integration of these sectors' plans in economic and social planning.

/This need
This need also became apparent to the Latin American countries and to other international agencies—in particular, UNESCO, PASB and the ILO—with the result that special courses were initiated in 1962 as a new activity of the Programme. These courses, of approximately four months’ duration, are designed to study and discuss planning problems and techniques in the health and educational sectors within the context of development planning.

The Course on Health Planning has been carried out in conjunction with PASB and has been attended each year by some thirty participants associated with health planning in the Latin American countries.

The Course on Educational Planning, held jointly with UNESCO is part of the normal work programme of the Institute's Educational Planning Section, which was established by agreement with UNESCO in 1963. Up to 1964 these courses were held annually in Santiago, and attended by approximately 35 trainees from the various Latin American countries (see Table 5).

B. Training Programme, 1965

1. Basic Course

The first section describes the evolution and principal orientations of the Basic Planning Course, which constitutes the nucleus of the Institute's training activities. It is attended by a carefully selected group of professionals, many of whom have already had specific experience in planning. A large proportion have been outstanding participants in intensive courses or have had a part to play in the preparation of general or piecemeal plans.

The increasing complexity of the subject-matters and the introduction
Table 5
TRAINING PROGRAMME, 1955-65

Intensive Courses a/

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a/ five courses held at the national level under the authority of the governments.

b/ three intensive courses a year have been held in Brazil.
group of Institute sociologists in the last year or so were incorporated into the teaching programme. This is yet another example of the close relationship existing between the improvements achieved in training and the research being carried out.

In the 1965 Basic Course an important practical change was introduced in the method of teaching at the common training stage. Before this, the practice had been to give an intensive course on each subject; hence, the trainees were required to concentrate their attention on only two subjects at a time until the curriculum was completed in the five months available. Thus the participants were able to concentrate on few subjects at once and the period of instruction given by each teacher was reduced to a minimum. However, the period of four to six weeks for each subject proved insufficient for the participants to absorb and digest the knowledge acquired.

Accordingly, a system along the lines of university training was adopted; the stage of common training was divided into two quarterly periods and each important subject was taught for twelve weeks, together with four or five other subjects. The first trial of this system has had excellent results in so far as absorption of the subject-matter is concerned.

Another feature of the 1965 Basic Course was the increase in the number of assistant teachers—largely recruited from among former participants—for the various courses and specialties. It was endeavoured at the same time to choose assistant teachers of different nationalities for the sake of a better geographical distribution.

At the end of the common training stage, the teaching staff held a number of meetings to analyze the content, scope, teaching methods and curriculum of each of the subjects and specialties. The valuable information thus accumulated will serve to improve the curricula in future years.

The period of common training covered the following subjects: economic analysis, economic development, social aspects of development, mathematics, statistics, social accounting, analysis and instruments of economic policy, planning techniques, and preparation and evaluation of projects. The second stage included specialties on public sector planning, general planning, agricultural planning and transport planning.

Fifty-one participants were selected from nearly all the Latin American countries, distributed by specialty as shown in Table 6.
### Table 6

Santiago, October 1965

**TRAINING PROGRAMME, 1962-65**

**Special Courses**

<table>
<thead>
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<th>Number of Participants</th>
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<td>Course on Health Planning</td>
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<tr>
<td>Course on Educational Planning</td>
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<td><strong>Total</strong></td>
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</table>

* The Course on Educational Planning was held at Buenos Aires, and was attended by 72 participants from 18 Latin American countries, 46 of whom were Argentinians.
Fellowships for the 1965 Basic Planning Course were provided mainly under the United Nations Expanded Programme of Technical Assistance. Others were financed by IDB, UNICEF, AID, and UNESCO, while some of the participants from Argentina and Ecuador held fellowships granted by their own governments.

2. **Intensive Courses**

Intensive courses were held in 1965 in Bolivia, Brazil, Central America, Ecuador, Mexico and Peru and were attended by about 390 participants. In Brazil the courses took place at cities in the three broad geographical areas of the country. The course in Peru was held at Trujillo, and the Ecuador course at Guayaquil.

The Institute continued to support the national courses in Paraguay and Uruguay, which have become established institutions, the responsibility for which is borne by national bodies and teaching staff and the advisory groups.

3. **Special Courses**

The fourth Course on Health Planning was held jointly with PASB. It was attended by 37 participants from 15 countries and took place, as before, at Santiago.

The fourth Course on Educational Planning in Latin America was held at Buenos Aires, in co-operation with UNESCO and the Government of Argentina. It was attended by 72 participants from 19 Latin American countries.

Work was also carried out in 1965 on the organization of two new special courses, one on planning for the housing sector and the other on economic development and planning for trade union leaders in Latin America. In both cases a major effort is being made in research and in the adaptation of available material with a view to extending the Programme to additional sectors and different groups of participants.

/1. Co-operation
4. **Co-operation with the Universities**

Co-operation with the Faculty of Economics and Administration of the University of Concepción continued even more actively. Through UNESCO, a professor was engaged to assist the faculty during a six-month period in introducing the revised curriculum and teaching methods that were agreed upon earlier. In doing so, he kept in constant touch with the Institute. At the end of September the Institute took part in a seminar at Concepción to review the results achieved, which were regarded as highly encouraging.

At the beginning of 1965, the School of Economics, set up in 1964 as part of the University of Engineering at Lima, asked the Institute for its collaboration in the preparation of a curriculum based on a provisional plan drawn up when the school was first established. So far the courses for the first two years have been studied.

The Institute also assisted the Faculty of Economics of the University of Uruguay to make a joint review of the subject-matter of a new and recently adopted curriculum and of the revised methods of teaching to be introduced at the same time.

A specific request was made for collaboration in the formulation of a practical programme of study to complement the theoretical classes. As some Uruguayan university lecturers were participating in the Basic Course in the Institute at the time, it was decided to take advantage of their presence to embark on the work.

/ C. Prospects
C. Prospects of the Training Programme

1. General Framework

The Training Programme will face a number of problems in future. Perhaps the most realistic way of reviewing them is to consider, on the one hand, the dynamic needs of planning in the Latin American countries, and, on the other, the responsibilities, difficulties and maturity periods inherent to any changes made in a training activity of this kind.

Nearly all the Latin American countries have established and are amplifying their planning mechanisms, which implies embracing fields of action, which are increasingly more specific, including new aspects in their studies and adapting or devising techniques and procedures to enable them to operate more flexibly. Among the new subjects that are being considered there are some of major importance, such as regional planning, short-term planning, economic integration, the handling of monetary instruments and the incorporation of the social sectors into over-all planning. There are also a number of other topics dealt with by the Training Programme in part or less thoroughly than they deserve.

The addition of all these subjects calls for adequate teaching material and staff, and involves in many cases the launching or pursuance of research to provide an accurate factual background for the treatment of these questions. There is bound to be a time-lag before any results are achieved, which will in any case be contingent on the progress made by the Instituto's activities as a whole. Experience has shown that it is not always advisable to deal with a subject on the basis of the traditional bibliography and methods of approach, which, while doubtless suitable for university teaching, are hard to adapt to the needs of short courses with the special features of those given under the Training Programme.

One of the difficulties with which the Programme has to grapple, and that has been raised in earlier reports, is the wide variety of professions from which the participants are drawn, and the disparities in their level of technical knowledge, experience and position in their own country.

For the time being, it seems best not to extend the length of the Basic and Intensive Courses, since the Training Programme would then claim too great a share of the Instituto's resources. It is therefore very complicated /to make
to make the changes visualized above, since special care has to be taken in choosing the subject-matter of the courses and determining the best form of presentation and bibliography to use. This all goes to show that any modifications must be gradual, and backed up by a solid foundation of knowledge and experience acquired in field work if the courses are to maintain their technical level and provide the kind of training that is needed by the Latin American countries.

These and other details to be touched on later will be taken care of in the organization of the future Training Programme; in general, however, there will be no sweeping changes in its structure but rather an accentuation of some trends that are already being pursued. Perhaps the greatest innovation will be the increased stress on advisory services for the universities, which will have an impact on one of the most relevant aspects in the understanding of Latin America's development problems and the formation of specialists.

2. Basic Course

The result of the constant revision to which the curriculum of the Basic Course is subjected, advisees the formal treatment, on a permanent basis, of four subjects that were formerly dealt with in several different courses. These are economic integration, foreign trade, planning organization and monetary and financial policy.

It is also recognized that while the Course should preserve the basic characteristics of its "long-term structural approach", it should pay increasing attention to the problems of short-term planning. This would entail the extension of some of the subject-matter to incorporate the theory, instruments and techniques of short-term planning.

The slow progress made by planning in some of the Latin American countries is partly due to the shortage of specialized cadres, but the lack of leadership in planning has also been a heavy handicap. The Institute will contribute to the best of its ability to improve the training offered to participants in its courses who seem to have the qualities of a future leader. A small group will be chosen from among the most promising students each year and given additional training for six to twelve months. Their programme will be divided
be divided into two main types of activity: firstly, the participants will spend some time collaborating in selected Institute activities or projects to develop their executive abilities, and, secondly, will follow a plan of studies designed to add to their theoretical knowledge of a particular subject or subjects.

3. Intensive courses

Some of the problems and requirements confronting the Training Programme can be dealt with through these courses. The scale of activities is expected to be the same as usual, i.e. seven or eight courses will be given during the year.

Some attempt has been made to diversify the courses: several include specialties, others lay particular stress on certain topics, and the teachers themselves take pains to adapt the subject-matter to the characteristics of each country. This diversification has, however, been somewhat superficial. One of the major tasks incumbent upon the Training Programme is to make a more thorough analysis of the different countries' requirements with a view to providing the most appropriate training in each case. A study of this kind would also make it possible to draw up, in agreement with the countries, programmes for intensive courses for several years in advance, which would be geared to the estimated development of the planning process in each one.

It is plainly impossible to embark upon every aspect of this task at once, since information on planning requirements must first be obtained through the advisory services, the pertinent study courses must be drawn up and the syllabuses prepared. This work can, however, be initiated in the near future, since much of the relevant information and experience has already been accumulated in the Institute.

4. Special Courses

The special courses in health and educational planning which are organized every year in conjunction with the Pan American Sanitary Bureau and UNESCO respectively, will continue to be held.

For the course in health planning, the Institute has to have a permanent team of teachers to give continuity to the work of teaching and research which up to now has been conducted solely during the course. Talks were held on the /subject with
subject with the Pan American Sanitary Bureau in order to find an appropriate solution. A standing body of this kind would enable a more thorough analysis to be made of the conceptual and methodological aspects of the relations between planning for health and over-all development planning.

In 1965 the course in educational planning was held at Buenos Aires, and was attended by a large number of participants from Argentina itself as well as from the other Latin American countries. It is advantageous for some of these courses to be held away from the Institute, since they preserve their international character while making for the large-scale training that is so urgently needed in the situation of educational planning in so many of the Latin American countries.

The special courses already established and those to be started in 1966 will continue to be given regularly or from time to time in future. Other special courses are also likely to be introduced, since many important aspects or sectors of planning still remain outside the present curriculum and do not lend themselves to treatment as specialties in the Basic Course.

The policy of carrying the Training Programme into new fields is inspired by the need to train technical planning cadres. The Programme should also be increasingly slanted towards the officials and professionals in certain economic policy-making centres whose needs have so far proved difficult to cater for successfully through the Institute's programmes.

5. Advisory services for universities

The interest shown by some Latin American faculties in securing the cooperation of the Institute in remodelling their teaching of economics and the encouraging results obtained from the first steps taken in that direction, especially in the University of Concepción, indicate that this activity should be placed on a broader and more systematic basis.

The universities, which are responsible for training professionals capable of meeting the development needs of their particular countries, are confronted by two major problems. Their first and most essential task is to diagnose those needs in the mediate future and, in the light of that diagnosis, to determine the general lines of the teaching to be given. The second is how to attain an academic level that ensures the greatest possible /efficiency of
efficiency of their students to perform their future work and, at the same time, assures the progress of the science they practise.

The fact that in economics, as in other social sciences, there is no universal theory that provides for every contingency and can be applied to societies at different stages of development and with different socio-political systems, means that the two problems are closely inter-related.

Conscious of these problems, some of the universities have approached the Institute and ECLA with the request that these two organizations use their experience to help them to work out sound courses of study and methods of teaching. To broaden the scope of these initial activities to include other universities is no easy task. Some general conclusions can, of course, be drawn, but there is no single panacea and it would be a mistake to search for one. For these reasons, it has been thought best during the first stage, which would last for one or two years, to concentrate efforts on collaborating with three or four universities. It has also been decided to hold "university weeks" at the headquarters of the Institute, in concert with these universities, so as to provide an opportunity for a wider exchange of ideas and experiences on the general orientations and methods of economic teaching in the countries concerned.

The Institute will assign a small group of staff members on a permanent basis to study the conclusions of the seminars and pay fairly long visits to the universities in question in order to co-operate with the faculties in the detailed discussion of the curricula and of the reforms that each faculty may wish to make.

This contact among the universities may result in a broader inter-faculty programme that would facilitate the exchange of teaching staff, and also in projects for obtaining financial aid from international organizations for library endowment, research and fellowships, which are an important factor in raising the level of teaching.

Lastly, as work progresses, documents would be prepared - for diffusion to other university centres - with the co-operation of the same members of the teaching staff who took part in the first stage.

/D. Work
D. Work Programme for 1966

The work programme for 1966 follows the lines laid down in the previous chapter, within the limits set by the funds available and the stage reached by the research work.

1. Basic Course

In its phase of general training, the Basic Course will cover the same subjects and orientations as in 1965 with the addition of new courses on Latin American integration, foreign trade, monetary and financial policy and planning organization. Also, the changes in the methods of teaching and structure of the Course carried out on an experimental basis in 1965, will be continued.

In order to improve the geographical distribution of the participants and recruit them from as many different types of administrative post as possible, so as to broaden the national planning systems, greater co-ordination will be maintained with the national agencies responsible for drawing up technical assistance programmes. In this way, the Expanded Programme of Technical Assistance for 1967-68 can more effectively fulfil the requirements outlined above.

The second stage of the Basic Course will consist of specialties on general planning, industrial planning and budget planning.

It is hoped that fifty to sixty people will attend the course.

As regards the additional training of former students, the work programmes will be drawn up and an effort will be made as a first experience, with a small number of participants.

2. Intensive courses

So far the Governments of the following countries have asked the Institute for its assistance in carrying out a national training programme:

(a) **Brazil**: three courses will be held as usual, in Sao Paulo, Salvador and Victoria.

(b) **Central America**: a course will be held in the capital of one of the Central American countries, in keeping with the traditional system established during the last few years of organizing the annual courses in a different capital each year. The 1966 course will lay greater emphasis on project preparation and evaluation.

(c) **Colombia**
(c) Colombia: the place and characteristics of the course have not yet been fixed.
(d) Ecuador: a seminar-course will be held on project preparation and evaluation with the co-operation of IDB.
(e) Mexico: it is being considered whether to include the specialties on agricultural planning and public sector planning.
(f) Peru: the details of this course are being worked out.
(g) Paraguay and Uruguay: these courses are organized by national institutions with the aid of the Institute.

3. Special Courses

Training will continue to be given in 1966 on the techniques of social planning. The course will not only cover the subject-matter proper to each of the social sectors, but will also provide general instruction on economic planning techniques.

The fifth training course on health planning will follow the example of its predecessors as regards duration, dates, subject-matter and participants and will be held in collaboration with the Panamerican Sanitary Bureau. Another course of training in educational planning is to be given, for the Central American area, in co-operation with UNESCO, and will be mainly concerned with educational problems in those countries.

Two new special courses are to be held in Santiago, one on housing planning and the other for trade union leaders.

It is planned to organize the first, which will last for about three months, in conjunction with ECLA and with the co-operation of the United Nations Bureau of Social Affairs. IDB has also been approached regarding its possible collaboration in the course, which aims to discuss with Latin American experts and officials the problems, techniques and methods of housing planning in relation to over-all development planning.

The course on economic development and planning for trade union leaders of Latin America, which is being organized with ECLA and ILO, will last for about six weeks. Its object is to familiarize the participants with the situation, prospects and main problems of development in the region, with over-all and sectoral planning, and with the role of the trade unions in the formulation and execution of general development plans. In the preparation /of this
of this course, special efforts have been made to adapt and condense the teaching material available, and research has had to be undertaken into specific subjects, such as the share of the workers in the development process, which are not normally dealt with under the Training Programme.

4. Co-operation with universities

In 1966, the programme of co-operation with the universities will consist in the continuation of the studies already embarked upon with the Schools of Economics of the Universities of Concepción, Montevideo and Lima, which will be invited to take part in the first joint seminar to be organized with them. A small group of teachers will also be seconded to co-operate with the Schools of Economics in a detailed review of their curricula. The findings of these studies will be used as a basis for future activities in this field.

5. Links with former students

The encouraging results obtained by former students who have been organizing courses and carrying out research in certain countries, indicate that the Institute should take more decisive steps to encourage ventures of this kind.

Every effort will be made to maintain contact with former students, who will be kept informed of the theoretical and practical work and achievements of the Institute, and invited to exchange views and experiences on their activities. Studies designed to locate ex-participants and obtain information on their current administrative posts and responsibilities will be continued as a means of maintaining contact with them, and thus increasing the accuracy with which the effects of the Training Programme on planning activities in the region can be measured.

/III. ECONOMIC
III. ECONOMIC RESEARCH

1. Integration and national development plans

This research project has been launched by the Institute in order to help in establishing the bases for proper co-ordination between the process of economic integration and plans and targets for economic and social growth in Latin America. At one of its earlier meetings, the Governing Council had before it a document on methodology entitled *La integración económica y los planes nacionales de desarrollo* whose object was to throw light on some conceptual and technical aspects of the relationship between the two. As that document points out, one of the elements necessary for co-ordinating the national plans of countries in process of integration and phasing integration as an instrument of regional development policy would be an over-all framework that would (a) show the additional margin of growth that would result from integrated development based on a regional import substitution policy and other devices, and (b) indicate the resulting development possibilities for certain groups of countries, with due regard for their special characteristics, economic structure and stage of development. An analysis of this kind would enable a number of different hypotheses to be put forward regarding Latin America's future economic structure and development if integration were to take place, and thus provide a more solid background of information for investment and other regional development policy decisions.

In 1965 an examination was made of the possible effects of a regional import substitution policy on Latin America's external trade gap. This study represents the first step towards the construction of a regional framework and its findings are compiled in a document, which is submitted to the present meeting of the Council in its provisional form, and is now being revised for publication in 1966.

The study assumes that the factors determining the behaviour of the external sector will remain unchanged. This does not mean that its point of departure has been simply the mechanical extrapolation of past trends. On the contrary, an endeavour has been made to study the underlying reasons
underlying reasons for the course pursued by the external sector in order to determine whether the process of import substitution has really come so close to saturation point as to be obviously suffering from serious shortcomings as a policy. An evaluation has also been made of the barriers to import substitution at the national level and, in general, of foreign trade policy and its repercussions on the economy. In short, this document reviews the way in which the external sector has affected the development rate and, on that basis, estimate possible future trends if no great changes are made in the policy followed up to now.

This study contains a revised calculation of the trade gap with which Latin America will be faced in the next five to ten years if its annual growth rate is approximately 5.5 per cent and if its exports and imports continue to evolve in the same conditions as those prevailing in the last few years.

The estimate of the gap for the region as a whole has been set against the findings of short studies of individual countries and the conclusions of existing studies on the import substitution process and its future prospects. The resulting figures, which must still be regarded as provisional, indicate that the trade deficit will be probably about 5,500 million dollars by 1974.

With that figure in hand, the study proceeds to weigh up the effects of a regional import substitution programme on the deficit. Some key sectors have been considered in greater detail, namely, petroleum production and refining, pulp and paper manufacture, the chemical industries, steel making and the different groups of metal-transforming industries.

These groups have been chosen for their weighting in relation to imports from outside the area, and the part they can play in the struggle to establish a less vulnerable type of growth.

The appraisal of the extent to which domestic supplies would be able to meet the demand generated by a swifter development rate is partly based on the sectoral studies carried out by the Joint Programme for Industrial Integration (see section IV of the present report).
Where no such studies exist, special analyses have been made of the sectors concerned, although in less detail.

The principal conclusions and results obtained so far relate to the region as a whole, and do not take into account the situation of individual countries or groups of countries. The implications of a programme of the kind described will be analysed for each group of countries in the region during the next stage of the research project.

It is apparent from this initial study that the direct effect of an import substitution programme that would make use of the economies resulting from the reorganization of the Latin American market on a regional basis would be to halve the trade gap. However, this will not be the only impact produced by the programme on the region's economic development.

One of its contributions will be to free the process of domestic capital formation from balance-of-payments difficulties as regional production of capital goods becomes better able to cover development requirements. Mention should be made of the particularly important part played by the metal-transforming industries in this respect. The extent to which the trade gap can be narrowed will also depend quite considerably on the progress made by these industries, which is further proof of their importance.

This project shows that a thorough study must be made on the repercussions which a programme of this kind would tend to have on other sectors of the economy, the infrastructural investment needed as a corollary, the demand it would generate for inputs from other sectors and its effects on the cost of activities using the goods produced.

The role of the agricultural sector in a regional import substitution programme has been dealt with rather summarily in this particular study. In view of its importance for structural reforms, a detailed study of the role of this sector in the integration process would obviously be extremely useful. A study should also be undertaken on the manufacturing industries that are already established and could be redesigned so as to take full advantage of the new conditions afforded by integration.
As integration is the keystone of economic development strategy, a more explicit account should be given of its relations with other factors of similar importance for development policy, such as structural reform, and ways of relieving the external bottleneck, as, for instance, the encouragement of export trade in manufactured goods to the rest of the world.

Subsequent stages of the project

(i) The next stage of the project will be an analysis of the implications of a regional import substitution programme for different groups of countries, in the light of several hypotheses, with a view to examining the problems that may crop up in the endeavour to achieve a regionally-balanced situation, and possible solutions to them. This will be done by visualizing a series of typical situation in the Latin American countries, with due regard for the stage of development reached by each country and the part played by the external sector in its growth. The potential contribution to be made by integration on the basis of a regional import substitution programme will then be gauged for each of the situations in turn, so as to ensure that the external sector will be appropriately modified and a swifter and more sustained rate of growth produced.

It would be useful to make a closer examination of the financial implications of the trade gap and, in concert with national institutions in some of the Latin American countries, to make more specific and detailed calculations for the different countries so as to estimate the breadth of the gap with greater accuracy. The Institute undertook to do so on the understanding that other agencies would co-operate sufficiently to ensure that the work would not interfere with the main purpose of the project, which is to study integration and development plans.

(ii) As regards the co-ordination of national development plans, the work will be undertaken in conjunction with national planning agencies so that activities can be pursued at the regional and national levels simultaneously. This would place the regional study on a more realistic basis and give a regional slant to each country's development /strategy. As
strategy. As a first step, it is planned to assemble a group of national planners to work out the best way of giving practical expression to such collaboration, in the light of the studies carried out by the Institute.

Sectors that have not been studied sufficiently, such as agriculture and infrastructural investment, should also be given proper attention.

2. Economic development research

The work would be based on the analyses of development trends in Latin America already made by the CPLA secretariat and others, and on the background material available on the particular subjects included in the Institute courses. This body of information and opinions suggest a number of working hypotheses whose validity needs to be proven.

The Institute has recently formed a research team to undertake a systematic analysis of the development process in the Latin American countries. The aim is to obtain a fuller understanding of the factors bearing on that process and, in the light of that knowledge, refashion development policy on lines more suitable to conditions in Latin America.

In addition, an extensive effort should be made to clear up some questions that are still rather obscure. For instance, the factors that have been instrumental in shaping Latin America's social, economic and institutional structure must be reviewed, the evolution of the Latin American economies in the last twenty years or so should be traced, and an investigation made into inflation, external and budget imbalances, industrialization, income distribution and other equally important and more or less critical factors in the different countries. In addition, a systematic review should be made of the socio-political and institutional factors that have a direct influence on development policy and its effectiveness.

During the first stage of the project, an endeavour will be made to combine in one document the background data and opinions advanced with respect to the history of Latin America's development, a critical assessment of the development theory, a quantitative appraisal of the growth process and its implications in terms of structural changes and, lastly, an analysis of that process in Latin America.

/During the
During the next stage, a number of specific investigations will be made to prove the validity of the general hypotheses postulated as part of this initial attempt to present a general picture of the ideas current on development in Latin America.

3. Natural resources

The utilization of a country's natural resources has proved a particularly knotty problem for economic development planning because of the dearth of sound criteria and methodologies and the shortcomings of the information available. The Institute has therefore attached great importance to this question from the very beginning, and is co-operating with Resources for the Future, which has seconded several of its experts to Santiago.

Experience has shown that the best way to obtain fuller information on the natural resources available and the most suitable methods of harnessing them is to probe more deeply into certain aspects in the light of the actual conditions in Latin America.

The most important task is to work out criteria for guiding research on natural resources along the lines required by development plan targets. From this standpoint, this type of research is regarded as a continuing economic activity aimed at building up social capital in the form of basic data, which should provide a fund of useful information for the generation, preparation and execution of strategic projects for plans and programmes. This also means that the natural resources required must be estimated in the process of planning itself.

Three main studies have been undertaken as part of this programme: planning of water resources utilization; programming of the urban infrastructure and economic and political evaluation criteria for research into natural resources.

The aim of the first study, which is based on an analysis of the situation in Chile is to devise a method of analysing the relationships between the water resources available, general economic activity and long-term development policy. With the aid of data gathered in an empiric survey
empiric survey, the study determines whether water costs are compatible with the economic plans for different areas and for the country as a whole. This piece of research work is already well advanced and will probably be completed within the next few months.

The second study reviews the process of urban infrastructural investment in the Latin American countries, and discusses the best way of framing investment policy as part of development planning. The factors determining the process of urbanization are examined together with the way in which urbanization, in its turn, generates a demand for investment that has to compete with other investment requirements in the general context of a country's economy. This study is on the point of completion, and is to be read by experts from Resources for the Future and the Institute some time in the first half of 1966.

The third study deals with the problem of how research on natural resources can best serve to facilitate and improve economic development planning. In more practical terms, an attempt is made to determine the appropriate scale for research programmes, and inventories of resources, and a suitable order of priority for them. In the light of these findings it would then be decided what policy for research on natural resources would be most consistent with development strategy.

4. Financial programming

As indicated in earlier reports to the Governing Council, the Institute has been engaged for some time on research to determine the best way to prepare annual programmes and thus relate short-term policy more closely with medium-term development targets. Up to now this work has been limited by the scarcity of resources and the fact that the integration project has been given first priority.

During 1965, the Institute collaborated with the team of officials from the Central Bank and the Chilean central planning office in /devising suitable
devising suitable financial programming machinery. This team is using real data to prepare a flow-of-funds table which distinguishes between the major areas in which the Government plans to take important economic and social policy measures, and shows the main financial policy instruments. The table will be useful for studying the operation of those instruments in the past, and the way in which they should function if they are to help development policy to achieve its main objectives. It should be pointed out that the institution in charge of financial policy implementation is working in conjunction with the body responsible for establishing medium-term targets.

During 1966 it is hoped to embark on an analysis of the various fragmentary attempts at financial programming that have been made in other Latin American countries. Coupled with the results of the study in Chile, this will throw light on the way in which financial programming should be used as a planning tool in Latin America. The materialization of this plan will depend, however, on whether more resources are forthcoming than it has so far been possible to earmark for the project.

5. Human resources

In the preceding report, an account was given of the studies initiated by the Institute in co-operation with II0 to work out a conceptual background for this relatively new field, and to develop procedures and analytical methods for incorporating human resources into planning. The ideas and hypotheses on which these studies are based were put into practice in 1965 in Chile and Uruguay. In Uruguay, the methodology was used in the formulation of an over-all development plan, while in Chile, help was given in the preparation of a study on manpower requirements and training for industry.

The ideas which have been worked out are still rather tentative and should therefore be constantly tested against practical planning experience in the different countries.
IV. JOINT PROGRAMME ON THE INTEGRATION OF INDUSTRIAL DEVELOPMENT

In mid 1964 the Joint ECLA/IDB/Institute Programme on the Integration of Industrial Development was launched. Before then, the work of the Institute in the industrial field had consisted in the activities of the training courses, the research leading up to the study on industrial development programming and the advisory services of the kind described earlier in this report. The Institute also embarked upon studies of planning procedures at the regional level, with specific reference to the aims of economic integration. Meanwhile, the Advisory Groups were grappling with the problem of how to help individual governments to programme industrial development without adequate information on the other countries' plans.

In the meantime, the Industrial Development Division of ECLA was studying certain specific activities in the most representative countries in each branch of industry. Those country studies were followed by regional studies whose main object was to describe the state of each industry in Latin America, its problems and development prospects. The Division assisted the Advisory Groups on an ad hoc basis, and endeavoured to coordinate the findings of its sectoral studies with the Groups' requirements. IDB undertook large-scale financing activities, and also engaged in the study and promotion of industrial programmes and projects, while at the same time working ever more actively for integration.

Description of the Joint Programme

In mid-1964, the three organizations concerned agreed to co-operate more closely on industrialization studies in order to solve the problems raised by regional integration in this sector and to provide a solid background of studies and information for the integration of the branches producing manufactured goods.

The object of the Joint Programme is to carry out studies and research work on industrial development. It follows a work programme adopted at regular intervals by the three organizations and its Director is nominated by them.

Given its raison d'être, the Programme's basic task is to prepare studies in depth of different branches of industry in order to analyze the
possibilities of regional integration in each branch and the best way in which to bring it about.

During the initial period, which is expected to last about two years depending on the funds and staff made available, the work programme will consist of sectoral studies on steel making, aluminium, copper, chemicals and petrochemicals, textiles, pulp and paper, and industrial equipment and machinery, which should take the following form:

(i) Broad studies of major industrial sectors, for groups of countries or for Latin America as a whole, as required. In general these studies should analyse the present market and estimate its future trends, make an inventory of existing industry in the region, review the technical and economic conditions in which it operates and assess development prospects for future industrial production in Latin America. The sectoral studies should, first and foremost, bear in mind the comparative advantages of each country and the possible complementarity of production facilities in a number of them, viewing development aims and policy in each branch of industry from a regional standpoint. Specific attention should be paid to the countries at a less advanced stage of development, in which a purely static assessment of comparative advantages may not be entirely adequate and require revision in the light of more dynamic criteria.

(ii) Feasibility studies of particular units in the so-called integration industries with an eye to the gradual establishment of a common market.

(iii) With respect to the work of the Advisory Groups on industrial development and, in particular, the industrial sectors that have been systematically studied, the Groups should be supplied with technical and economic information, and the aims and time-tables of the sectoral studies should be reconciled with the specific requirements of the Groups.

(iv) A general report issued periodically on the regional co-ordination of industrial development in Latin America, and revised and expanded each year. This report would synthesize the sectoral studies, and bring out the implications for each country of the integrated regional development of the major branches of industry. It is clear that a report of this kind cannot be undertaken without a prior analysis of the dominant trends in the other economic sectors.
economic sectors, in other words it must be placed within the framework of a series of general projections on economic development in Latin America. Despite this proviso, an attempt will be made to provide a bird’s-eye view of industrial development based on fairly detailed knowledge of the prevailing situation and salient prospects in each of the five or six most important branches of industry.

First year of the Joint ECLA/IDB/Institute Programme on the Integration of Industrial Development

In the implementation of this Programme from June 1964 to August 1965 some headway has been made in the preparation of material by sector of industry. On the basis of the methodological guidelines outlined previously, studies on the following industries have been prepared or are in course of preparation: steel-making, aluminium, copper (primary and manufactured), pulp and paper, chemicals (fertilizers, sodium alkalis and basic petro-chemical products), industrial machinery and equipment (machine-tools, textile machinery, heavy equipment, etc.) and textiles. That several of these sectoral studies have been completed within the first year of work - albeit on a provisional basis - despite the geographical area covered and the complex nature of the problems dealt with, is due to the fact that a considerable fund of experience had already been accumulated by the ECLA Industrial Development Division, which was transferred with all its resources and experience to the Joint Programme.

The compilation of data and the analyses made have, moreover, made it possible to give advisory assistance to countries on industrial development at the level of either the formulation of development programmes for sectors of industry, or of preparation of feasibility studies in connexion with specific industrial projects. These cases include advisory assistance to Brazil and Venezuela in the programming of several industries and a feasibility study in respect of an integrated steel-making project in Uruguay. These activities in relation to advisory assistance in industrial programming and to the analysis, evaluation and promotion of specific investment projects will probably tend to increase noticeably in the future, as and when background material and experience are accumulated under the Programme for each branch of industry and each individual country.

/The relationship
The relationship between the preparation of material designed to facilitate integration, and assistance in sectoral programming and in the formulation of projects, is in fact closer than would at first sight appear. Not only do the sectoral studies present factual knowledge, technological information and a frame of reference, which are invaluable contributions to the above mentioned activities but in the course of the work a close interdependence has been shown to exist between regional integration and national programming. Indeed - particularly in certain sectors of industry - it would be hard to make any headway in the preparation of specific integration programmes unless each country prepared its own industrial programme, defining its intentions as regards the future development of each sector of industry. There are many practical reasons for this, but it will probably suffice to mention only one of them. The regional specialization schemes which reflect an optimum distribution of resources, from a dynamic standpoint, should take into account not only the economies of scale in relation to transport costs, but also the creation of external economies, the contribution towards a balanced national development, etc., factors which can be evaluated only within the context of a national development programme. Assistance in the formulation of national programmes, therefore, is another efficient method of promoting regional integration.

The Programme described in this section represents a good beginning which can be extended in the future by adding new branches of industry; for example, the food processing industry in which no work has yet been done and which would have to be included in the programme of work so soon as resources and the pressure of work in other branches permit. Likewise, apart from a theoretical analysis of the selection of production techniques involving more labour input and less capital investment, which is being carried out concurrently with other Programme activities, it would be profitable to initiate the study of certain industrial activities demanding a heavy contingent of manpower, with the object of providing the Advisory Groups with studies that will pave the way for development programmes in certain sectors of industry and thereby alleviate the unemployment situation existing in some countries, which shows every sign of being further aggravated.
V. ADVISORY ASSISTANCE ACTIVITIES

1. Development of advisory assistance activities

Ever since the Institute was established in 1962, its advisory assistance work has centred mainly on directing and supporting the Advisory Groups organized to collaborate in various countries in the formulation of development plans and in the introduction of planning systems. Most of these Groups were set up under the responsibility of the OAS/IDB/ECLA Ad Hoc Committee on Co-ordination and under the technical supervision of the Institute, while others were established by the United Nations.

In view of the fund of experience accumulated, it would be as well to begin this review of the Institute’s advisory activities with some considerations on the positive results obtained and the advisory problems concerned, the experience gained and the new course of action it would seem necessary to follow.

In the last few years, ten countries have prepared development plans with the immediate collaboration of the Advisory Groups, and in two other countries different forms of advisory assistance represented a positive contribution to their work. The Advisory Groups have helped to create an awareness of the fundamental problems that the countries confront and to bring about a change in their outlook in dealing with those problems. An improvement is noted, too, in the co-ordination of action and interdependence of problems.

The advisory assistance provided through these Groups, in addition to that offered by the Institute and other agencies has contributed in some countries more than in others, to a systematic and detailed study of their complex of economic and social problems; the definition of feasible lines of action for their development; and the formulation of different types of development plans which have culminated, with varying success, in specific undertakings to implement them. In this respect, the experience obtained through the Advisory Groups, partial advisory services and national planning bodies has made it possible to identify specific obstacles to the operation of plans and technical and methodological gaps in
gaps in certain areas of planning. These obstacles occur primarily in different areas linked to the execution of plans, a stage which several countries are entering or have already entered. Regardless of any discrepancies that might exist between processes in the various countries, it can be stated that, in the three years 1962-64, the advisory assistance activities thus progressively brought to light the need for procedures to supplement the services provided through the Advisory Groups.

Furthermore, the demand for advisory assistance has grown and this has thrown into relief the problem of the shortage of trained human resources in the sphere of both planning techniques and operational problems, especially in regard to programmes and projects of strategic importance, financial programming, co-ordination of short-term policies, administrative reforms and other sectors. This problem affects both the planning structure of the countries themselves, which is the first level at which the shortage of human resources becomes apparent, and advisory services at the international level. Consequently, it has not always been possible to offer advisory assistance in the measure and at the time that circumstances required.

The problems arising in planning activities as the operational stage is reached requires the use of supplementary advisory assistance procedures that are in general more specialized and more flexible.

In response to these needs imposed by progress in planning, the Institute studied the procedures and systems that seemed most adequate for future advisory work and decided to set up the Advisory Services Division, composed of a group of regional experts, which entered into operation this year.

2. Advisory assistance activities in 1965

This year the Institute undertook its first advisory assistance activities on the new team basis. These were carried out in countries where Advisory Groups were operating, since it was considered a matter of first priority to help them to function more efficiently. The Advisory Services Division, established in January 1965, carried out three missions as a team - in Bolivia, the Dominican Republic and Peru -, collaborated with missions to Ecuador, Paraguay and Uruguay, established the necessary /contacts with
contacts with a view to defining a programme of co-operation with Central America in 1966 and advised Argentina and Panama on their budget reforms. ECLA economists co-operated in several of these missions.

a) **Advisory assistance to the Dominican Republic.** A mission was sent to the Dominican Republic in co-operation with ECLA, early in October 1965. It collaborated with the OAS/IDB/ECLA Ad Hoc Committee on Co-ordination in providing advisory assistance to the Government. It remained there about four weeks assisting in the preparation of a preliminary diagnosis and overall strategy of development; in the study of growth problems and prospects in the agricultural, industrial and energy sectors; in the analysis and projections of the public sector; and in a study on administrative organization. The mission further collaborated in tasks related to the organization of planning and budget programming, personnel administration and State supply. The programmes of work and technical assistance for planning were also examined in conjunction with the Committee on Co-ordination.

As regards budget reforms, the mission provided advice on the initial steps in formulating a performance budget for 1966 to cover the whole of the public sector. These advisory services are being continued through experts from the Institute and the United Nations as well as specialists sent to the Dominican Republic in mid-November by the Government of Venezuela.

b) **Advisory assistance to Bolivia.** An Institute mission, reinforced by experts from ECLA, went to Bolivia early in January this year to strengthen the work of the United Nations Advisory Group in that country. The mission remained there for two and a half months. The work centred on preparation of the Biennial Development Plan, 1965-66 and on proposals for administrative and financial reforms.

The Biennial Plan contains the definition of long-term development policy and indicated the lines along which national investment should be organized in 1965-66. A synthesis and summary of the Plan were submitted to the President of Bolivia and were later approved, subject to a few amendments, by the National Development Council.

The Institute Advisory Group and mission further collaborated in the preparation of proposals for reforms in the administrative, budget, statistical
and certain aspects of the tax system, all of which form part of the Biennial Plan. Throughout 1965 the Advisory Group has collaborated primarily in the establishment of a system for implementing the Plan and putting the proposed reforms into practice, even if only on a piecemeal basis.

c) Advisory assistance to Peru. An Institute mission, which included one expert from ECLA, visited Peru in September 1965. Although it was intended to continue the piecemeal advisory assistance provided during the year, the mission was different in both nature and scope. It was composed of five experts who worked as a team: a) collaborating with INAPLAN and the OAS/IDB/ECLA Advisory Group in the formulation of the Economic and Social Development Plan, 1967-70; b) establishing the preliminary contacts aimed at organizing an investigation into Peru's economic and social development prospects on a very long-term basis, and subsequently embodying the results of that research in a document for wide circulation; and c) proceeding with the studies on the development of natural resources.

As regards co-operation in the 1967-70 Plan, assistance was given in programming the agricultural sector, research on natural resources, and the social sectors, and reviewing the basic macro-economic data for the formulation of the Plan. Early in December this collaboration was extended to industrial planning.

d) Advisory assistance activities in Paraguay. The Advisory Group co-operated with the Ministry of Planning in completing the preparation of the Biennial Development Plan, 1965-66, in June 1965. The Plan was approved by the Economic Co-ordination Council in July, and is at present being evaluated by the Panel of Nine. In addition, the Advisory Group collaborated in preparing the national accounts and in organizing a new national Administration of statistics and censuses, which is to enter into operation in January 1966. With a view to laying the bases for implementation of the Biennial Plan, an inter-sectoral Commission was established to prepare programmes and projects by product, with the necessary detail to facilitate their operational administration. An Institute mission composed of one expert in projects and another in natural resources co-operated in this work.
e) **Advisory assistance activities in Uruguay.** In the course of the present year, the Commission on Investment and Economic Development (Comisión de Inversiones y Desarrollo Económico - CIDE), with the co-operation of the Advisory Group, completed the formulation of the global Development Plan. This Plan comprises three levels: 1) a ten-year plan (Plan Decenal 1965-74), which embodies a development strategy based on the establishment of over-all and sectoral targets and of the economic policy to be pursued; 2) a three-year plan (Plan Trienal 1965-67), defining policy objectives with greater precision and including investments projects for the public and private sector; and 3) a short-term plan for 1965, mainly designed to combat the inflationary process, but co-ordinated with the long-term programme. In addition to these activities, CIDE, with the collaboration of the Advisory Group, prepared a study on Uruguay's prospects within the framework of the ALALC agreements.

In order that the Advisory Group, when its assignment is completed, may continue to co-operate in Uruguay's planning activities, the Institute discussed with CIDE the desirability of keeping on a small group of experts in 1966 to assist in the launching and execution of the basic reforms, as a supplement to the direct and specific advisory assistance to be provided by the Institute and through such technical assistance procedures as may prove needful.

f) **Advisory assistance activities in Central America.** During 1965 the Advisory Group continued the work of completing the five countries' development plans and putting some of them into effect, special attention being devoted to public investment programmes and projects. The plans drawn up show different levels of depth and precision, reflecting the varying degrees of progress achieved by the five Central American countries in the field of planning. Further advisory assistance was given in connexion with budget techniques, with the aim of consolidating the system of programme and performance budgeting, which was brought into force for the first time in 1965, throughout the area. The same year witnessed the introduction of supervision, publication and evaluation practices in respect of the results of budget execution. The five countries agreed to prepare programme and performance budgets for 1966 on common bases already approved.

/ The Institute's
The Institute's contribution in 1965 consisted essentially in advisory assistance in drawing up the programme budget for the area and the common bases for the preparation of national budgets, as well as in a study of work programme and of future requirements as regards Institute co-operation, carried out in collaboration with the Joint Mission, the secretariat of the Treaty and ECLA.

g) Other activities. The Institute collaborated with the Governments of Argentina and of Panama during 1965 in the preparation of their budget reforms. In Argentina's case, two experts gave special assistance in connexion with the methodological aspects of programme budget presentation. One of the provinces also obtained advisory assistance in the formulation of a programme budget for its public works and construction plan. As regards Panama, an expert collaborated in the drawing-up of the system of budget presentation, in the training of approximately 100 government officials and in the preparation of the preliminary draft of a budget law.

3. Advisory Assistance Programme for 1966

In 1966 the application of the team system of advisory assistance will be intensified. In this connexion, applications and commitments already exist in respect of Central America, the Dominican Republic, Paraguay and Peru. A mission to Bolivia is in process of establishment.

a) Central America. The Institute is to send a field mission to Central America which will stay in the area from 1 February to 15 March 1966 to collaborate in the work of the Advisory Group. Its aim will be to evaluate on the spot the planning progress made in each of the Central American countries, to discuss the next stages of the work, and to study the possibilities for more efficient co-ordination between the economic integration and the planning processes. To this end, the mission's schedule comprises visits to each of the Central American countries, in addition to working sessions in Guatemala, where the Central American Joint Mission has its headquarters.

b) Dominican Republic. In the first half of the year a mission will visit the Dominican Republic, its object being to give further general assistance to the Planning Board (Junta de Planificación)
and to the Advisory Group, to analyse the work carried out to date, to help directly in the formulation of the two-year plan for 1967-68 and to discuss what headway should next be made in the planning field. In addition to the preparation of the 1967-68 plan, the activities of the mission are expected to cover intensification of the work of the sectoral offices, and the devising of a budget accounting system which will facilitate more efficient operation and regulation of the public sector budget.

c) Peru. The Institute will send a team of experts to Peru to collaborate with INAPLAN and the Advisory Group in the completion of the economic and social development plan for 1967-70. This same mission will co-operate with the above-mentioned agencies and with the Institute of Peruvian Studies (Instituto de Estudios Peruanos) in the conduct of socio-economic research on Peru's long-term development prospects. Collaboration in the studies of natural resources will also be continued.

d) Paraguay. Another mission will go to Paraguay, to co-operate with the Planning Department (Secretaría de Planificación) and with the Advisory Group in the task of completing the three-year economic development plan for 1967-69. The team will also participate in the training courses to be held by the Paraguayan Development Centre (Centro Paraguayo de Desarrollo - CEPADES), and in the discussion of the next stages in the work of planning.

In addition to these team services, co-operation in specialized fields will be continued. During the first half of the coming year Peru will be given advisory assistance in the introduction of a budget accounting system appropriate to the requirements of programme and performance budget execution and control. In Panama, further advisory assistance will be rendered in the budgetary field, but with major emphasis, at this stage, on execution of the budget.

Alongside these activities, the Advisory Services Division will have to complete its cadres of experts and intensified its internal activities. The latter will include work on the drafting of manuals on several subjects - systems of statistical information for planning, the operation of programme
and performance budgets, and budget accounting - and of a study dealing with the planning of research on natural resources.

Furthermore, other tasks will have to be tackled in the future in countries not yet served by Advisory Groups, with a view to expanding the Institute's direct knowledge of planning experience in Latin America. This work will entail collaboration with the countries in question in activities of the type already being carried out in Argentina, Chile and elsewhere, with respect to short-term policy, projects, budget programming and administrative reforms, and, generally speaking, in fields considered to be of importance, particularly for the execution of plans. The use of supplementary planning groups for specialized work, on the lines discussed at the last meeting of the Governing Council, is also envisaged.
VI. GENERATION AND PREPARATION OF PROJECTS

1. Trends and prospects

Ever since it was established, the Institute has concerned itself with the problems that derive from the shortage of properly prepared and evaluated projects within Latin America's planning processes. In its early years, its activities in this field were concentrated on teaching designed to reduce the acute lack of Latin American specialists in this subject and to create awareness of the difficulties attendant upon project preparation and evaluation among the planning officials participating in the training courses. Similarly, the Advisory Groups were given special guidance and support in connexion with the compiling of project inventories and the adoption of criteria for the evaluation of projects from the programming standpoint.

Furthermore, the Institute has been engaged in research on apparent stumbling-blocks to the establishment of a streamlined and dynamic process of project generation, preparation, evaluation and execution, in the context of the development plans formulated and set in motion by the Latin American countries. The initial findings of this analysis, based on the experience gathered by the Institute and by international credit agencies, especially IDB, are reflected in the document prepared by Julio Melnick and Eduardo Figueroa on the promotion of project preparation (Promoción de la preparación de proyectos).

This document expresses the view that the identification and study of both investment and pre-investment projects ought to form part of the vast organizational effort at the national level which is involved in the establishment of a planning process, especially when it enters upon its operational phases. A scheme of ideas is also suggested in relation to the obstacles that must be surmounted in order to ensure that a larger number of projects is prepared, that the projects in question are those of most importance for the attainment of plan objectives, and that the technical level of project preparation is improved. Suggestions are also put forward as to lines of promotional action that might be followed, both by national agencies and by the international institutions that extend financial and /technical assistance
technical assistance to the countries of the region.

On the basis of the preliminary diagnosis of the problem formulated in the above-mentioned document and the conceptual and operational guidelines it provides, the Institute made a start in 1965 on advisory assistance activities specifically designed to help the Latin American countries in the field of project promotion. To judge from the pilot operations undertaken in Ecuador and Uruguay, there is every reason to believe that concentrated and tenacious action in this field on the part of the Institute, in co-operation with other international agencies interested in the same problems, especially IDB, can significantly assist in strengthening national machinery for the identification and preparation of projects and in indicating ways and means of overcoming in the shortest possible space of time, the scarcity of such projects as will give development plans operational viability.

2. Activities in Latin American countries in 1965

Ecuador. The Institute is co-operating in the activities that IDB is carrying out in Ecuador in its capacity as financing agency for that country with a view to strengthening current internal efforts in the field of pre-investment and particularly in relation to the identification and preparation of economic and social development projects.

The form to be taken by the Institute's co-operation was defined after an exploratory mission had provided a preliminary diagnosis of the project situation in the context of the planning process and of Ecuador's development problems and prospects. Two specific operations were decided upon: (a) participation, during the last quarter of 1965, in an IDB mission whose aim is to assist the Ecuadorian authorities in the task of identifying and preparing projects that are important for the development and diversification of agricultural activities, in particular the re-conversion of marginal banana-growing areas; and (b) the arrangement of a seminar course, in the middle of next year, to serve the twofold purpose of training Ecuadorian professionals in project preparation and evaluation techniques, and expediting the preparation of projects important for the implementation of the Plan, work which is already in progress. These will be selected in consultation with the Planning Board and IDB.

The mission on agricultural diversification projects is completing the
first stage of its field work. It is composed of IIEB and Institute experts specializing in project analysis, credit and development institutions, land settlement, agricultural economics, highways, irrigation and financial policy. At the beginning of next year a report may be submitted to the Government of Ecuador, containing suggestions for implementation of goals and policies of the over-all development plan and particularly the agricultural development programme, major emphasis being placed on the institutional and production structure which it is hoped to attain for the sector within the period covered by the Plan.

Uruguay. At the request of CIDE, Uruguay's planning agency, the Institute sent a mission to collaborate in a review of the existing project situation, as part of the final stage in the preparation of the first development plan. Four Institute specialists and one from ECLA took part in this mission. In conformity with the work programme drawn up in conjunction with the CIDE authorities and technical experts attached to this agency and to the Advisory Group, the following activities were undertaken:

(a) Collaboration in the identification of the projects most important for the attainment of the Plan's investment targets, special attention being devoted in view of the conjuncture of circumstances in Uruguay, to projects which seemed eligible for external financing and which could be ready in a relatively short time;

(b) Definition of what appeared to be key decisions for speeding up the preparation of certain projects considered to be of crucial or strategic importance, and establishment of guidelines for the realistic scheduling of their development, from their present stage up to their completion or entry into operation; and

(c) A preliminary analysis of the machinery for the generation of projects and for decision and action in that field, within the frame of reference of the planning process which Uruguay wishes to put into effect.

The performance of these tasks in a relatively short space of time was facilitated by several factors which deserve mention. In the first place, for more than two years CIDE has been working, with the assistance of the Advisory Group and the Institute's collaboration, on identifying projects, classifying them, and keeping up to date an inventory including all the

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public sector's investment projects and many of the private sector's.
Secondly, national officials and international experts co-operated actively
not only at the level of the planning agency but also at that of Ministries,
autonomous institutions and State enterprises. And, lastly, during the stage
of preparing the mission both ECLA and the Institute had at their disposal
plenty of data on the Uruguayan economy and the Development Plan, and, more
important still, the advisory assistance of specialists who had taken part in
specific activities relating to industry, agriculture, water resources and
housing in Uruguay.

It should be pointed out that in addition to the contribution which it
was possible to make to the immediate work of planning, the analysis of the
machinery for the generation of projects and for action in connexion with them
led to the suggestion of various measures to strengthen the machinery in
question and make it more dynamic. One of these proposals - that of esta-
lishing a group of experts to act as "promoters" of projects important to the
Plan, at the level of the centers of decision and execution - was immediately
taken up by the Government, which is in the process of submitting the
appropriate application to the United Nations Special Fund. In view of the
importance of such work in respect of providing the Plan and its sectoral
programmes with the requisite instruments, it is hoped that this group can be
organized as quickly as possible. Through it the Institute expects to be able
to render continuing co-operation to the authorities and agencies concerned
along the lines laid down by its programme of work in the field of project
promotion.

The work programme of the Projects Division for the next few years envis-
ages the continuance of these activities, with a twofold end in view: firstly,
to collaborate in the efforts made by national institutions, IDB and other
international agencies to improve the project situation; and, secondly, to
collect background data and gather experience with the aim of furthering the
research begun on the project shortage and on measures to remedy it. This
work programme is based on the conviction that the most appropriate path to
take, in this field and in the existing circumstances, is that of specific action
to detect obstacles and find ways of surmounting them. The development of the
programme will be kept up next year through activities in Central America and in
another three Latin American countries, as well as through the continuance of
the work already begun in Ecuador and Uruguay.

/VII. SOCIAL
VII. SOCIAL PROGRAMMING

1. Work trends and prospects

The expansion of the Institute's work in the field of social development programming is in line with the continuous revision of ideas on the role of social affairs in economic development activities in Latin America.

The incorporation of sociological research into the activities in question gives rise to practical requirements in respect of the formulation and execution of the various Governments' plans. Accordingly, the Institute is faced with changes which in turn oblige it to adopt a different approach to its future activities, and to probe more deeply into conceptions that are accepted today in general outline, but are still far from satisfying the demands of growth and practical action.

Consequently, the Institute's future activities in these fields must cover both the sociological interpretation of development and the integration of social policy, through a pooling of effort on the part of economists and sociologists.

In face of the de facto pressures exerted by the radical economic and social changes that are coming about in Latin America, and their impact on development policies and therefore on planning, it is essential to form an over-all picture of the true situation, which calls for meticulous empirical research. Furthermore, in the field of co-ordination of social policy with over-all economic planning, the need to make the most solid practical contribution possible has entailed the concentration of effort on social planning activities in such specific areas as education, public health and housing. The time has now come when the progress made by the Institute and other agencies in these individual fields makes it possible to attempt co-ordination based on the unification of social planning as a whole, with all the theoretical premises that this implies. Such an endeavour will undoubtedly have to be undertaken during the next few years.

The practical advisory assistance requirements that are beginning to arise in connexion with social planning and policy in various countries not only bear out an earlier contention relating to the assimilation of certain basic ideas, but also pose a difficult problem, since these demands can in
fact only be met by appropriately qualified personnel. But as a rule sociologists and specialists in political science are not trained to co-operate with economists in dealing with the solid facts of the Latin American situation. Such co-operation is possible only if the sociologist understands these facts from the socio-economic standpoint, and in approaching them adopts techniques which are not incompatible with those applied in economic programming. If the Institute is to make a satisfactory response to the increasing demands of Governments in respect of social activities, it will be necessary to build up, in the course of the coming years, a group of professionals with a thorough grasp of the socio-economic conditions really existing in Latin America.

The evolution of the ideas developed by ECLA and the Institute sheds light on that of the Institute's activities in this field. At the beginning of 1963, when the Division of Social Development Programming was established, the proposal was that its activities should be carried out:

(a) In the teaching field, through the training of a small group of fellowship-holders in the problems of development sociology, and through active participation in the Institute's training courses;

(b) In cooperation with the Advisory Groups, in so far as the necessary personnel were available; and

(c) In the domain of specific sociological research, with reference to economic development and social change.

During the first year or two the teaching activities of the Division were confined to collaboration in Institute training courses.

Shortage of personnel has always been a stumbling-block to the Division's participation in the work of the Advisory Groups. However, the experience of a mission in Paraguay in 1964 and the launching of an effort in Peru in the current year suggest that this area of activity may be usefully expanded.

The decisive importance of socio-economic research for the Institute's activities is becoming increasingly clear, and it is precisely in this field that the greatest progress has been achieved. Thanks to the over-all approach to basic research adopted, it has been possible to take maximum advantage of the scanty equipment available, although the Institute has been conscious of the limitations /of its own
of its own activity. It has therefore taken energetic steps to introduce a procedure which will enable it to broaden the scope of its action, namely, co-operation with interested research centres and universities in respect of one or other aspect of their general programme. The initial success of this co-ordinating activity is a guarantee that it will be increasingly expanded in the future.

The ambitious aim of the current long-term research programme is to attempt a consistent interpretation of the existing socio-economic situation in Latin America, through a number of pieces of empirical research, each of which, moreover, has its own separate value by virtue of the approach and techniques adopted. The over-all hypotheses which are taken as guidelines reveal the importance and far-reaching scope of the work. The study of the problems relating to stagnation and development in the region is based on analysis of the characteristics of the Latin American economies' patterns of incorporation in the world market; of the historical circumstances conditioning their economic and social processes; and of the potentialities and limitations of the development factors that have operated in the past, in relation to these determinants.

The various activities of the Social Development Programming Division during the current year, which are reviewed below, fall within this general frame of reference. The analysis of the entrepreneurial and labour sectors and the problem of the formation of the State in Latin America constitute the three angles from which the above-mentioned over-all picture is to be given greater precision and depth by means of strictly-conducted empirical research.

2. **Activities in 1965**

A. **Study on stagnation and development in Latin America**

(a) **Approach to the subject**

As previously stated, the aim is to take a broad view which will allow systematic consideration to be given, on an integrated basis, to the topics and problems that generally spring to mind in the context of the "social conditions of development". The first requisite was to devise an analytical approach that would not only be based on the theory and methods of social science but, in addition, would be compatible with the Institute's fundamental objective.
fundamental objective in this field, which is to look at economic and social
development as an integrated whole.

In this connexion, it was not thought sufficient to concentrate
attention solely on "housing, education and public health", as the social
aspects of development. Of course, these fields are admittedly of
supreme importance in every process of social reform. Consequently, they
must come within the purview of any agency concerned with planning, and the
Institute has not shirked its obligations in this respect.

Nevertheless, as far as research is concerned, the main effort has
consisted in incorporating the complex of problems and the analytical
methods that pertain to social science into the study of the economic
dimension of development itself. In other words, an attempt is being made
to see how the structure of production, the operation of the economic system
and the process of making economic decisions are related to society as a
whole, are conditioned by it, and at the same time exert a dynamic influence
on the behaviour of social groups and forces.

The first step in this direction is to define the nature of the typical
links between the Latin American economies and the world market, in order to
ascertain how far the economic system and social and political organization
patterns take on specific connotations in each of the types of connexion
with the world economy maintained by the under-developed countries of the
region. The pivot of the research is the premise that the behavioural
characteristics of social groups and forces differ in accordance with the
differences of degree and kind observable in this integration. It is also
held that the various forms of incorporation in the world market imply
varying stages of differentiation in the production system and, concurrently,
varying patterns of social and political organization.

The second research problem arising derives from the fact that for the
ends proposed, not only must integrated economic and social development
hypotheses be sustained, but, in addition, a dynamic approach to the topic
of development must be adopted, with a view to ascertaining the mode of
operation of the social forces that may be favourable to change in each of
the typical situations which it is sought to define.

Accordingly, it was decided that research should be concentrated on the
formation, orientation and operational patterns of the main groups and institutions susceptible of urging society on in the direction of development. The relations of entrepreneurs, the labour sector and the State with the development process were taken as the starting-point. The accent was placed on the consideration of such groups and institutions from the angle mentioned above, the focal point of the analysis being the effects of their behaviour on the diversification of production, the operation of the economic system and the machinery for the adoption of economic policy decisions.

To ensure that the empirical research on each individual topic does not distract attention from the ultimate objective consisting in an overall interpretation of the economic and social aspects of development, a more general synthesis is being prepared alongside the specific studies referred to above. In this connexion, two documents have already been drafted which will serve as a conceptual frame of reference for the work of research and interpretation. In one of these, *El proceso de desarrollo en América Latina (Hipothesis para una interpretación sociológica)*, central hypotheses on the action of social groups and institutions in relation to the development process are postulated; the other, *Filosofía del desarrollo*, discusses the possible implications and over-all significance of the development process in Latin America as a contribution to modern culture and civilization.

(b) Empirical research

The empirical research undertaken by the Division was programmed in conformity with the hypothesis outlined above. Clearly, this research by no means exhausts the subject-matter relating to stagnation and development in Latin America, but at least it distinguishes three key factors in the dynamics of the development process: the entrepreneurial groups, the labour sector and the formation of the State.

The main purpose of the study on the entrepreneurial groups in Latin America is to analyze the prospects for the modernization of the economic and social system which are opened up by the objectives these groups pursue and the pressure they are capable of exerting. To this end, a start is being made on research in selected countries in relation to the codes of values and lines of action of certain entrepreneurial groups, with a view
to analysing the behaviour and aims of entrepreneurs, both within the
enterprise and at the level of society as a whole. The more general
objective of these studies is to determine how much support for development
plans and policies can be expected from the entrepreneurial groups in Latin
America.

In the analysis of the formative process of the State, special emphasis
has been placed on the subject of the incorporation of the lower income
groups into the political system. Accordingly, an essential feature of the
study is the endeavour to obtain a clear understanding of the phenomenon of
populism, which in many instances has constituted historical pattern most
widely followed by this incorporation process. The research outlined here
centers upon the relation that grows up between the old traditional and the
new popular sectors. Naturally, relations of this type find expression in
the forms assumed by the State, and are indicative of the basic lines along
which it may develop.

The study of the labour sector is of course closely linked to the
research on the preceding subject. The central hypothesis is that, given
the increasing predominance of the urbanization process in Latin America,
the distinguishing feature of the labour sectors would seem to consist
primarily in the problems arising from their incorporation into urban life,
rather than in those relating to their incorporation into industry.

(c) Status of the research

The progress achieved in the three basic research projects is uneven.
So far it is in the project concerned with the entrepreneurial sector that
the greatest headway has been made. In co-operation with the National
Development Council of Argentina, a sample survey representative of the
major enterprises in that country was planned and organized, and its
execution is approaching completion. A provisional version of a monograph
analysing the findings of another survey carried out in Chile among the
large-scale Chilean entrepreneurs has also been drafted.

Moreover, the first steps have already been taken to arrange for the
conduct of similar research in Brazil, in co-operation with the University
of Brasilia, and it is hoped that a survey of the same kind can be undertaken
in Mexico. In 1966, it will be possible to make a comparative analysis on the
basis of these four country studies.

The research on the formation of the State in Latin America and the scope of its action is based on primary and secondary sources, but still at the bibliographical and theoretical level. An essay has been drafted, and it is hoped to broaden the empirical basis of the analysis so that by the end of 1966 a first general approach to the topic in relation to Latin American can be presented.

Lastly, as regards the analysis of the labour sector, the theoretical approach has been worked out and the phase of empirical research is expected to begin in 1966, with a pilot study in Chile to be followed later by more thorough research in the same countries where the surveys of entrepreneurial groups are being carried out.

B. Latin American Conference on Children and Youth in National Development

The Institute co-operated with UNICEF and ECLA in sponsoring and organizing the Latin American Conference on Children and Youth in National Development, an active share in this work falling to the Social Development Programming Division. For the first time in Latin America, an attempt has been made to draw up a balance-sheet of the current efforts to solve the problems and satisfy the needs of the rising generations.

The objectives of the Conference may be summed up as follows: analysis of the major problems presented by the situation in respect of children and youth in Latin America, and establishment of basic lines of action whereby targets and procedures for the solution of such problems can be incorporated into development plans.

The Social Development Programming Division took part in the organization of the Conference and in its proceedings, co-operating in the definition of its aims and the preparatory work, and preparing special studies. Two pieces of opposite research that had been carried out during the year 1965, served as a basis for two papers which were presented at the Conference.

The first of these analyses the most striking of those aspects of the economic and social situation in El Salvador that affect children and youth. The other is based on a survey carried out in one of Santiago's shanty towns with respect to the social characteristics and the attitudes and values of young
of young people living in marginal conditions.

At a more theoretical level, a systematic analysis of the subject of youth in Latin America was also presented. This study indicates the problems that should be analyzed in the future in the light of research that will establish the empirical basis for fuller knowledge of the attitudes, propensities and objectives of Latin America's rising generations.

C. Other activities

(a) Teaching

Since the Division had at its disposal the experience gathered in recent years and the preliminary findings of the research undertaken, it was able to give a new slant to its contribution to the training courses. Attention was concentrated on the analysis of the Latin American situation, and on that basis an attempt was made to indicate the structural features by which it is characterized and the role discharged by the various social groups in the dynamics of development. This approach is considered to provide a general frame of reference which enables the planning official to understand the social context in which he is operating.

This change of direction took place essentially in the basic course; as regards the courses given in various special fields - agriculture, public health, education and the public sector -, an endeavour was made to follow a similar principle, although in this instance the subject-matter dealt with was linked, as far as possible, to the special concerns of each sector.

(b) Advisory assistance

Considering that it is important to incorporate sociological analysis into the specific work of planning, the Institute has suggested that one of the most appropriate ways of doing this consists in the direct participation of sociologists in advisory assistance activities. In this connexion, the Division co-operated with the mission stationed in Peru, whose assignment was to establish the broad outlines of research on the trends towards reform registered in the Peruvian society. This analysis is designed to follow the basic lines of the Division's research programme, so that it can be put to more exhaustive use. On
the same occasion, steps were taken to promote the co-ordination of the various offices responsible for formulating the social aspects of the Development Plan.

(c) Co-operation with other agencies

As was previously stated, the Institute is fully aware that one of its essential functions is to spread interest in the analysis of Latin America's economic and social problems among other institutions and groups. It is for this reason that efforts have been made to establish contacts with agencies that can participate in this necessarily common task. Salient examples in the social field are afforded by the Institute's participation in the CASTAL Conference, sponsored by UNESCO and ECLA, in the meeting of the Board of Directors of the United Nations Research Institute for Social Development in Geneva, and in the international seminar on the formation of élites in Latin America, held in Montevideo, as well as by the co-operation undertaken with various universities and agencies of other kinds in the Latin American countries.
VIII. SEMINAR ON PLANNING.

Pursuant to the indications given by the Governing Council, the Institute promoted a seminar on the organization and administration of planning activities, which was held in Santiago, Chile, from 6 to 14 July 1965.

The experts who took part in the seminar were invited in view of their experience and direct participation in planning activities in Latin America. The following guest experts attended in their personal capacity, not as representatives of institutions or countries: José Cárdenas, Alberto Fuentes Mohr, Enrique Iglesias, Bernal Jiménez, Roberto Jordán Pando, Angel Monti, Cleenho de Paiva Leite, Germánico Salgado, Manuel San Miguel, Angel Valdivia and Albert Waterston. Economists and sociologists from the Institute and ECIA were also present.

The Seminar opened with a general review of the conditions and problems encountered by the planning process as it progressed in Latin America. It was pointed out that the earliest planning efforts date as far back as the thirties, especially in the field of sectoral planning. But stress was laid on the fact that the characteristic of planning activities in the present decade has been the determination to make a combined drive for economic and social reform. Accordingly, the participants in the Seminar discussed the economic as well as the social and political frameworks which, in conjunction with the various combinations of circumstances prevailing, largely determined the efficacy of planning efforts and the amount of headway made.

Specific planning experiences in seven Latin American countries were also analysed, not with a view to critical appraisal, but in order to look for features and characteristics in the light of which the main problems raised by the participants could be defined and illustrated.

The Seminar next turned its attention to sectoral planning problems, especially those relating to organization. The discussion was focused on two sectors, namely, agriculture and industry. In both cases the speakers referred mainly to the special problems that the inherent characteristics of each created in relation to the organization of a planned sectoral development policy.

/In connexion
In connexion with another agenda item, the problem of the project shortage and the relation of projects to development plans was discussed. Particular stress was laid on the idea that the development effort essentially implied a change of direction both in over-all economic policy and in the field of investment, and that neither in number nor in kind could the resulting requirements in respect of projects be met by those which the public and private institutional system was accustomed and able to produce.

Furthermore, the project situation was related to the inadequacy of information and research on natural resources, which is the basis for a large proportion of new projects. The planning of natural resources, research and development therefore constituted another point of great interest and importance in the Seminar's discussions.

A substantial part of the proceedings was devoted to the consideration of links and relationships between planning and the public administration. In this context, the organization for planning adopted in various Latin American countries was analysed from the standpoints of planning conceived as a system and as a process. Certain specific questions were discussed, particularly in relation to the links between planning agencies and the budget office, and attention was drawn to the importance of administrative reform as a prerequisite for effective planning and also as one of the undertakings that the planning agencies themselves should promote.

One of the most important subjects of discussion was that of the links between planning and economic integration. For some years the Latin American countries have been taking pains both to forge ahead with planning activities and to promote the progressive integration of their economies. But it was noted that there has not been sufficiently close co-ordination between these two lines of action. The importance of connecting them up is obvious, since both may exert a potent influence on future growth prospects. The Seminar considered this problem not only at the level of the major development policy decisions which the two processes involve, but also at that of specific programmes, mainly those for individual sectors and those relating to infrastructure. An excursion was also made into the strictly technical domain, where greater clarity is needed in the analysis of the ways in which
one country's development process may be affected by the development prospects and plans of the others, as well as by economic integration decisions.

In the course of the Seminar, which had been envisaged as an examination of the organizational and administrative problems of planning in Latin America in a broad sense, the region's growing interest in the planning process carried the discussion beyond this more specific objective, and finally focused it on two central questions.

The first related to the conversion of planning into an instrument for the satisfaction of Latin America's needs and aspirations in respect of reform and progress, enriching its content with aspects of the development problem that are not being given sufficient attention at present - domestic capital formation, the full use of the Latin American countries' resources and vast development potential, economic integration, and the attainment of ambitious welfare and employment targets as the direct and normal outcome of the operation of the economic system.

The second was that of devising, in changing circumstances like those of Latin America, and in difficult structural conditions, the most appropriate patterns and procedures whereby planning can be so far perfected that an efficacious development policy can materialize, covering major problems of the region.

The actual phenomena that were analysed are well-known facts. The angle from which they were considered, and the aim of elucidating them from standpoints - economic, political, social, technical, administrative and organizational - which the economist does not usually adopt, and which have sometimes been in opposition, constituted the keynote of the Seminar's proceedings, and freed from the circumscribed limits within which such critical discussions are often confined.

Pursuant to the Seminar, and to the lively interest and stimulating discussion it evoked, the Institute prepared a report summing up the main ideas and suggestions that emerged during the proceedings. The resulting document seeks to reflect this first-hand contact between experts from various countries who exchanged views, opinions and aspirations in connexion with planning in general and Latin America's experience in particular.
IX. ADMINISTRATION AND FINANCE

By way of supplementing the reports on other questions presented to the members of the Governing Council, this chapter gives an account of the action taken in regard to administrative and financial aspects related to the Institute's activities during the current year and the corresponding implications resulting from the work programme for 1966.

The extensive programme achieved by the Institute in the course of the present year has not faced any problem of financial nature. The funds approved in the Plan of Operations, which include a significant contribution from the Inter-American Development Bank, have been free from budgetary restrictions. This has permitted that funds unspent in a given year could be made use of in the succeeding year's programmes. In so far as IDB's contribution is concerned, it is gratifying to note the recent amendments introduced by the Bank in the original dates stipulated in the contract signed on 8 June 1962 regarding time limits for the disbursement of funds. This was obtained following resolutions DE-PP-21/61 and DE-79/61 taken by the Board of Directors of the Bank, thus making it possible to use the total amount of the 700,000 dollars forthcoming from the Social Progress Trust Fund and the 300,000 dollars made available from Technical Assistance funds before 1 July 1966 and 31 May 1967, respectively, instead of the original dates of 1 October 1965 and 31 December 1966. The Institute expresses its gratitude for this action, which demonstrates once more the effective and continuing support of the Bank to the Institute activities.

Considering the above, the Institute has followed an intensive programme of activities within the limits imposed by the relative shortage of trained personnel.

It is precisely in this connexion that a major operational difficulty arises, that is, the problems involving the recruitment of professional staff, as a result of which posts remain vacant in the basic manning table. The policy thus far maintained in connexion with recruitment of personnel is to ensure that candidates should be so selected as to tend increasingly to balance the geographical distribution and at the same time to
meet the need for competent and adequate persons to carry out the type of work concerned.

This is partly responsible for the fact that a number of important posts in the Institute's programme of work have remained vacant. During the current year the Institute has redoubled its efforts to solve the problem and it is hoped that fruitful results will be achieved through the campaign launched in this connexion by the Personnel Offices at both Santiago and Headquarters, and through direct contacts made by the Executive Office of the Institute. The actual position in this respect appears in the attached annex 1 which also reflects an increase in the number of staff members proceeding from countries which had minor representation in previous years.

As regards the administrative and general services staff, the Institute has endeavoured to maintain an adequate proportion in terms of both the general cost and the total number as compared to the substantive staff. Annex 2 illustrates the position in the current year. In order to maintain the proportion at reasonable level, the Institute has considered convenient to continue the system of common services with ECLA in certain of the administrative sections (accounts, document reproduction, office of personnel and library). Independent action in these sectors would entail not only the recruitment of additional staff, but also a substantial and unnecessary outlay in materials, furniture and special equipment.

As regards the budget, annexes 3 and 4 show the amounts disbursed between July 1962 and 31 December 1965 and the balance available for the future. Of the total budget of 4,068,500 dollars contributed by the Special Fund (3,068,500 dollars) and IDB (1,000,000 dollars), a total of 2,489,340 dollars had been spent at 31 December 1965, leaving a balance of 1,579,160 dollars for the following eighteen months (January 1966-30 June 1967). These funds represent a monthly average of 87,730 dollars available for the rest of the initial period of

1/ This figure is subject to revision in so far as the expenditure in November and December 1965 is concerned. It includes the Executing Agency's overhead costs which are estimated at 60,000 dollars.
the Project (January 1966–June 1967), as compared with an average expenditure of 47,680 dollars in 1963, 62,700 dollars in 1964 and 74,870 dollars in 1965. This increasing rate of expenditure does not mean an increase in the original budget but is the result of the accumulation of funds not used in the first two years of the Institute's existence, which corresponds to the period of formation of a Manning Table for the Institute. By way of illustration, an account is appended of the movement of substantive personnel in the last three years (see annex 1).

Concurrently, as observed at the last two meetings of the Governing Council, the Institute had to meet the Governments' increasingly insistent demand for advisory assistance in their own countries. Accordingly, the Latin American Governments themselves requested the Special Fund to strengthen the Institute's activities, offering their financial support within the normal Special Fund procedures. The Institute, in consultation with the Special Fund, has prepared an additional budget for submission to the Board of Directors of the Special Fund in January 1966.

In the light of these considerations, the Special Fund requested the Institute to submit a plan of expenditures for 1966, which covers all the Institute's needs within its regular programme as well as the new personnel requirements for the Advisory Services Division.

In accordance with the work programme for 1966, the present plan of expenditure (see annexes 5 and 6) includes the following new posts, in addition to the 14 posts (Nos. 46-59) needed for the Advisory Services Division:

1 - Agricultural Programming * (No. 17)
2 - Training Programme/Advisory Services to universities (Nos. 28-29)
1 - Promotion and Evaluation of Projects (No. 31)
1 - Research Programme (No. 36)
2 - Training Programme * (General Programming) (Nos. 37-38)
1 - Social Development Programme *

* Previously existing posts financed from consultants' funds or by other organizations.

As regards
As regards administrative personnel, additional requirements have been kept to a minimum. Thus, 6 post for typists are included to meet the needs involved in the incorporation of 9 experts in the Advisory Services Division and 4 specialists in other sectors. Moreover, the launching of the printing programme, the current volume of document reproduction and the needs in respect of Library services call for adequate personnel for the sake of efficient operation.

The 1966 budget has maintained, as in previous years, an item of 80,000 dollars for contracting consultants and other experts for specific periods and assignments. These funds will cover, in part, the joint programme with Resources for the Future, Inc., an institution which has made two experts available for the purpose of collaborating in the Institute's Natural Resources Programme, the Institute contributing a total of 20,000 dollars annually towards its financing. The consultants' funds also serve for recruiting assistant lectures for the Basic Planning Course.

In addition, the Institute has considered advisable - or rather necessary - to pursue the policy initiated this year not without difficulty, with a view of using part of these same funds in order to recruit assistant professors and other experts from countries with a small representation on the manning table. These candidates would be selected from among former outstanding participants in the Basic Planning Course who showed most promise in their professional career. This is in line with an early Institute project.

For the purpose indicated above, some 50,000 dollars would be allocated for the recruitment of eight former participants in the Basic Course, who would be assigned to training, research, advisory services, projects or other programmes. The balance would be earmarked for unforeseen contracts in relation to seminars and/or special studies.

Under other headings, the plan of expenditure for 1966 includes provision of funds for the initiation of the Institute's printing programme, for which the initial sum of 20,000 dollars has been reserved. A further
appropriation of 35,000 dollars is contemplated for the purchase of
furniture and equipment for the Institute's new offices in the United
Nations building at Santiago, which is expected to be completed by the
middle of next year. As regards the remaining items, it is estimated
that the expenditure will be maintained at about the same level as last
year.

It should be noted that the plan of expenditure does not include
provisions for rental of the Institute's premises. These costs are
covered by an agreement with the Government of Chile, which generously
decided to defray them on the basis of direct reimbursements to the
Institute in the amount stipulated in the rental contracts. These contribu-
tions totalled 175,912.94 escudos during the period July 1962-December
1965 (annex 7).

The Institute has great pleasure in taking this opportunity of
expressing its gratitude to the Government of Chile, which has formalized
its decision to contribute a large sum - as a special donation - towards
the completion of the United Nations building in Santiago, expressly
stating that it would like to see the Institute housed, together with
ECLA, in the new premises. This project, which is expected to materialize
by mid 1966, will solve a problem that has been hampering the Institute's
activities, inasmuch as it will enable all the Divisions and Programmes,
which at present are distributed among four separate buildings, to be
concentrated in a single appropriate locale. The change will also make
for economy on the administrative side.