

REPORT OF THE SUB-COMMITTEE ON SOCIAL PROGRAMMES
AND ECONOMIC INVESTMENT

The Sub-Committee was instructed to draft rules which might guide planning agencies in preparing integrated short-term plans in the field of economic investment and social programmes. The Sub-Committee discussed the subject matter on the general assumption that while the levels of living of all the under-developed peoples cannot be raised forthwith, co-ordinated and unified action would at least make it possible to do so with the minimum of delay so that the children of today may have reason to be hopeful.

I. In discharging its functions, the Sub-Committee began by defining short-term plans, which can be approached in three ways.

1. There are, in fact, two problems: balancing the allocation of resources between social objectives and economic investment and distributing resources among these social objectives.

2. Short-term plans should meet emergency situations requiring immediate action. Such emergency action should not only be taken immediately but should be effective as soon as possible.

3. Short-term plans should be considered as the initial stage of a long-term plan and, if there is no such plan as yet, they should contribute to the establishment of such a plan. According to this definition, the short-term plan differs from the long-term plan only by its preliminary character.

4. Short-term plans might be required in order to obtain early decisions on the allocation of domestic and external funds. Such short-term plans would be formulated and initiated without delay, although they need not be carried out within a specific time limit.

The Sub-Committee believes that the term "short-term action" as it is used in the Punta del Este Charter (hereinafter referred to as "the Charter") (see Title II, chapter III) reflects the above definitions.

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II. In order to develop short-term plans the planning agency should have the following data at its disposal:

1. Certain long-term economic and social objectives that the Government has approved as being compatible with the objectives set forth in the Charter. The short-term plans should constitute a step towards the attainment of these objectives. Because of the time needed for an explicit and detailed formulation of these objectives and their implications, only the general goals can be provided as guidance in the case of short-term action.

2. A diagnosis of the existing economic and social situation, with a specific analysis of emergency situations and bottlenecks that hamper satisfactory economic and social development.

3. A study of domestic resources and funds available at the moment, or that could be counted on within the short term, with special reference to fiscal, exchange and monetary problems. The size and nature of the investment programmes that can be carried out without endangering a reasonable degree of stability in prices and in the balance of payments depends to some extent on the fiscal and monetary policies pursued.

III. The Sub-Committee recognized that the lack of a detailed theory of economic and social development, and differences in value judgements, prevent the formulation of criteria that would make it possible for the planning agency to establish an optimum distribution of the resources for specific economic and social activities. The effective reconciliation of competing demands for resources is a political task. However, the planning agency should provide the political leaders with the information necessary to enable them to achieve an approximation to this optimum distribution.

For this purpose the planning agency should obtain from the departments responsible for the various aspects of the programme, such as health, housing, agriculture, industrial development (hereinafter referred to as the "programming bodies"), suggestions as to projects:

- (a) which in the view of the programming body are the most urgent;
- (b) for which specifications can be worked out within a short period.

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The planning agency should provide the programming bodies with a list of questions that must be answered for each project proposed. These questions should be such as to induce those bodies to examine their own proposals, above all with respect to their potential contribution, within the total body of programmes, to the attainment of the objectives contained in the Charter and given specific form by each country. These questions should relate in particular to the following subjects:

- (a) A general frame of reference covering the long term, and giving expression to the guiding principles emerging from the Charter of Punta del Este;
- (b) Application of financial, physical and human resources for short-term action;
- (c) Short-term effects on pressing social problems;
- (d) Effects on the expansion capacity of the sectors of production;
- (e) Measures of economic and social policy that should accompany the programme of action.

In most cases, the planning agency will have to give instruction and training to the programming officials, with a view to improving programme selection, formulation and analysis.

It will be incumbent upon the planning agency to study each proposal and the replies presented by the programming bodies, which it will submit, together with its own comments, to the consideration of the policy-makers. IV. The functions of the planning agency will include the preparation of a provisional - and on account of pressure of time, necessarily a rough - analysis of the social programmes and economic investment required, especially for the attainment of the economic development objective established. It will endeavour to estimate the minimum levels of investment in agriculture, industrial plant and equipment, transport, public health, education, etc., which are deemed essential if progress is to be made towards the objectives pursued. These estimates of minimum requirements will be useful for the purpose of determining the distribution of resources between social programmes and economic investment.

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The following would seem to be the general guiding principles on which this distribution may be based:

- (a) The amount of resources allocated to social programmes and economic investment should eliminate the most acute social tensions and the most serious bottlenecks in the sectors of production;
- (b) The amount of resources allocated to social programmes should ensure that those sectors expand at least sufficiently to prevent the aggravation of existing shortages;
- (c) Investment in the economic field should ensure, over the long term, the removal of the structural obstacles retarding basic development and should provide the necessary economic foundation for the social development of the community.

The planning agency will also be responsible for analyzing the fiscal, tax, monetary and other economic measures which exert a powerful influence in the social field and may yield highly beneficial short-term results with a minimum allocation of resources.