



Instituto Latinoamericano y del Caribe de Planificación Económica y Social
NACIONES UNIDAS-CEPAL-PNUD GOBIERNOS DE AMERICA LATINA Y EL CARIBE

Latin American and Caribbean Institute for Economic and Social Planning
UNITED NATIONS-ECLAC-UNDP LATIN AMERICAN AND CARIBBEAN GOVERNMENTS

Institut Latino-Américain et des Caraïbes de Planification Economique et Sociale
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**REGIONAL CO-OPERATION AND INTEGRATION
IN REVIVAL AND DEVELOPMENT:**

THE ROLE OF PLANNING

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PRESENTATION

This paper is a **support document** for the Sixth Conference of Ministers and Heads of Planning of Latin America and the Caribbean (La Habana, 23 to 26 March, 1987). As on previous occasions the idea is not to centre debate on the document itself or of endorsing it formally. The dialogue traditionally generated at this Forum is fed, above all, by the presentations of the 37 member-governments and of the observers specially invited.

Initially, the document analyses the external conditioning of the central issue (**Chapter I**, which links the External Crisis and Regional Co-operation); it points to the continuity of some of the issues discussed at the Fifth Conference (Mexico, April 1985 on "External Crisis and Reactivation Programmes"); and gives an updated description of the regional position (on the basis of the latest Special Conference of ECLAC, Mexico, January 1987). Then (in **Chapter II**) the paper describes some of the Region's reactivation prospects and considers the role of the National Planning Agencies in the promotion of regional co-operation aiming at the restoration of development. Finally (**Chapter III**) the document presents a series of reflexions on planning and co-ordination of public policies in Latin America and the Caribbean in view of the new role suggested for the National Planning Agencies in the promotion of regional co-operation and integration, both of them considered from the viewpoint of reactivation and development. This chapter also presents a compilation of the main suggestions of the document.

As a complement, four Annexes have been included, containing **summaries of more ample research-projects** which were used as the basis to prepare the whole document. The first one approaches the Regional Framework for Integration and Co-operation, which does not specifically form part of the Institute's Programme of Work, and relates it to certain aspects of planning and the co-ordination of public policies. The second summarizes some recent work undertaken at the Institute on Co-operation in the Territorial Sphere, with particular emphasis on internal border-line territories. In a very brief way, a third annex focusses on the issue of a possible Horizontal Co-operation in connection with the Environment. The fourth and last annex states some of the co-operation alternatives in the social fields, with special emphasis on attending to the marginal groups.

NOTES

- a) We would like to point out that this document is not an essay on regional co-operation and integration policies per se, which are the specialized field of other international organizations also attending the Sixth Conference. The different **issues have been approached from the viewpoint of the National Planning Agencies**. As for the sense in which the acronym **NPA** has been used, see note 20 (page.....). With respect to the use of the word **planning**, we recommend referring to note 11 (page 16).
- b) In the document, the terms **co-operation, regional co-operation and intra-regional co-operation**, have been frequently used as a simplified substitute for "regional co-operation and integration". See note 8 (page 13).
- c) Almost all **the paragraphs have some words in bold type**, which may not always form a complete sentence. Following the same procedure adopted by ILPES on previous occasions, the words and phrases in bold type-when read as a whole- may serve to give a global idea of the document and act as a schematic substitute for a summary.
- d) When this document is first distributed **the Annexes will circulate in a separate way**. Later on, text and annexes will be published in one single volume.
- e) **Any comment or criticism** to this document, which may contribute to improve a later version, **will be much appreciated**. Similarly, the document will have to receive comments from within the ECLAC System itself.

THE EXTERNAL CRISIS: ADVANCES IN THE REGIONAL CONSENSUS

1. The end of the seventies saw the publications of the conclusions drawn by a work-group formed in the industrialized countries to **analyse the development prospects in the eighties, the chances of the Third World and to suggest changes in international relations** tending to expand these opportunities, within a framework of principles that combined economic and mutual interest criteria and others of an ethical and humanitarian nature. The main suggestions presented, apart from a preferential deal for the poorer countries and the eradication of hunger, were the following:
 - to strengthen the income of producers of raw materials;
 - to open more spaces in the markets of the developed countries for the Third World;
 - to improve the performance of transnational companies in the transfer of technology;
 - to perfect the international monetary system;
 - to reformulate the financing of development; and
 - to balance in a better way the sharing of world power.

With regard to the last point but one, the report emphasized the large-scale transfer of resources to the developing countries.¹ These conclusions were by no means "the regional consensus of the North" vis-a-vis the great requirements of international development, but they undoubtedly implied the reinforcement of perceptions which were potentially favourable for the Third World.

2. The history of the present decade has demonstrated the systematic deterioration of each of the aspects mentioned above. In other words, the evolution of the international context was just the opposite of what was required to improve the development prospects of the Third World. Multiple indicators confirm that:

- the prices of raw materials have dropped to unprecedented levels;
- the presence of the Third World in world trade was reduced;
- the control of the North on the circulation of technological innovations has increased;
- the international monetary system hindered or prevented development;
- the developing countries became net capital exporters; and
- there has been an increased concentration of power at a world level.

¹ Reference is made to the document that would later be known as the "Brandt Commission Report", published on 17 December 1979. The points we have stressed correspond to the "Programme of Priorities" proposed. The emphasis on the "transfer of resources for development" also forms part of the "Emergency Programme" suggested.

3. As regards Latin American and the Caribbean, the perception of these recent transformations was conditioned to the peculiarities of each national case. However, the regional consensus on the causes of and possible solutions to common problems could evolve in a slow but steady and positive way. The discussion on regional co-operation and integration has to take place against the backdrop of the collective progress made in some of these priority points of the multi-laterally agreed economic and political agenda.

The National Planning Agencies attending the meeting expressed similar views and stressed that the most critical issue was the foreign debt repayment since its magnitude limited expenditure and restricted investment, reduced

A. The Main Change in the Indebtedness Pattern

4. Within the complex force field in which the dynamics of development operates, there certainly are problems and solutions that cross one another in different directions and point to a countless number of courses of action. To attempt to steer this dynamics along a deliberate course requires the identification of the "critical path" of the difficulties which, unless overcome, will render all the possible action programmes vulnerable. At the latest meeting of this very same Forum, warning voices were raised to say that "... in the next five years, the Region will

continue to be decisively restricted by the payment of interest on the external debt. The projections made.... show clearly that the Region will be unable to grow at the historic rates of the 1960s and 1970s (close to 6% a year); that it is only in the most optimistic scenarios that the balance

of trade will allow for minimum import needs and cover interest on the external debt and, finally, that financial resources will continue to be transferred to the rest of the world.²

5. The approach adopted by ILPES at that Forum made it possible to state that "the obtaining of **more favourable terms in the renegotiation of the external debt becomes a critical variable, which paves the way to the recovery of levels of production and employment**".³ Most of the Ministers and Heads of the National Planning Agencies attending the meeting expressed similar views and admitted that the most critical issue was the foreign debt repayment since its magnitude limited expenditure and restricted investment, reduced the chances of making employment grow and of improving the population's income, and delayed the restoration of growth. For all these reasons, it was stated that this problem called for a radical solution; rescheduling maturities and other repayment terms would be called for. Many of them acknowledged that this was also a political problem, the solution to which should not prolong economic stagnation because of its consequences for the social and political stability of the Region.

² See: ILPES: Public Planning and Policies in 1982-1984 and Prospects for the Second Half of the Decade, V Conference of Ministers and Heads of Planning of Latin America and the Caribbean (Mexico, April 1985), Doc. LC/IP/L.15-CM 5/4 (Paragraph 8). The document also stated that "the need is seen for immediate adjustment policies to act in conjunction with rational, medium-term reactivation measures" (paragraph 20).

³ ILPES, op.cit., paragraph 32.

6. The future was to prove that Forum right. The most recent regional document dealing with this issue has stated that "Towards the beginning of 1985, the countries of Latin America and the Caribbean became fully aware that the **enormous efforts to rationalize their economies undertaken in the early years of the decade had been fruitless**". At the latest Special Conference of ECLAC (Mexico, January 1987) "...it was seen that the traditional recommendations for recessionary adjustment met with widespread rejection at the meeting in view of their poor results. In order for them to be effectively applied, a substantial change was required in the international environment, and in the absence of a sufficiently profound change, the economic, social and political situation of the Region had become unbearable by the end of 1985".⁴

8. Bases of a Recent Regional Consensus

7. The same Conference observed "...a convergence of opinion over the **characteristics which make up the core of a new and alternative approach to development**". The main elements of this approach include "...restoring growth capacity and directing it toward social justice; modernizing and transforming productive structures so as to avoid adopting a passive and subordinate role in the new international division of labour; institutional reforms to guarantee the expansion of domestic saving and of productive investment and a redefinition of the role of the public and private sectors; a search for coherence between development policies and macroeconomic

⁴ See ECLAC: Draft Report, Conference Room Paper 4/Rev.1, Santiago de Chile, 16 February 1987 (paragraphs 119 and 125 respectively). The version quoted here was circulated as from 23 February and observations on the Draft Report must reach the Secretariat by the end of March 1987 (our bold type).

equilibria; a leading role for regional integration and co-operation processes, and strong efforts to achieve changes in international relations so as to facilitate sustained development". With respect to the external crisis, the conclusion drawn was that "... from the viewpoint of the countries of Latin America and the Caribbean, the debt problem has not been solved; on the contrary, postponement of a solution and the burden resulting therefrom constitutes one of the fundamental hurdles, if not the main hurdle, to the achievement of sustained development and to the possibility of freeing the domestic saving resources needed in order to effect the investment essential for modernizing the economies of the Region".⁵

B. Bases of a Recent Regional Consensus

8. At the same Conference, the countries of Latin America and the Caribbean **endorsed a Declaration** "... firmly resolved to promote economic and social development", whose terms reflect the most recent advances observed in the Region in the joint and consensual treatment of the present crisis.⁶

⁵ ECLAC, op.cit., paragraphs 131 and 144. The texts reproduced so far correspond to parts of Chapter D: "Summary by the Rapporteur".

⁶ This and the following paragraphs of part B reproduce some excerpts from the Declaration which are more closely related to the issue under study (ECLAC, op.cit., pp. 50 to 56). Observations to the Declaration by countries not endorsing it appear in other sections of the same Report (especially paragraphs 66 and 117 on pages 21 and 55).

"Its origin lies basically in external factors, which have given rise to grave balance-of-payments problems as a result of high nominal and real interest rates and the fact that for the first time in our history we have become net exporters of financial resources; the continuous and ever more acute deterioration in the terms of trade, basically attributable to the steady drop in the prices of the basic commodities and raw materials we export, and the proliferation of protectionist barriers in the industrialized countries".

9. Consequently, the Declaration goes on to say that "...checking the still prevailing recessive trends and making possible development constitutes the greatest challenge which we must face in the coming years. It is therefore desirable that the current crisis be tackled in a pragmatic and innovative manner, seeking to bring about recovery and establish links tying in development with social equity and rooted in the particular features of each nation".

"Our government and civil societies... reaffirm here our commitment to policies marked by:

- a) Innovative approaches to stabilization and adjustment which encourage growth and development and protect our economies against the negative impact of external factors;
- b) Systematic and sustained efforts designed to expand and transform the productive structures, so as to improve efficiency, strengthen inter-and intra-sectoral links, make full use of the potential offered by technological change, bring about a qualitative change in the position occupied by our countries in international trade flows and lay the foundations for sustained growth and development.

- c) Encouragement of domestic saving and its orientation towards productive investment which contributes to the process of economic recovery and development,...
- d) A fairer sharing out of the costs and benefits of material progress, within the framework of a process of participation which is indispensable for the implementation of strategies leading to the desired economic and social development".

10. Further on, the Report points out that "... in spite of the enormous effort which we have made, the possibilities for recovery have so far failed to materialize, primarily because of the extraordinary deterioration in the realm of international trade and finance caused by the policies unilaterally applied by the most powerful industrialized countries. In order to cope with this situation, which is causing a crisis in respect of international co-operation, and in view of the trends towards bilateralism in international relations, where the exercise of power predominates, it is essential to strengthen multilateralism as a suitable mechanism for solving many of the problems besetting us. The coherent and carefully deliberated action we are adopting at the national and regional level will prove insufficient unless there is international co-operation in the financial, monetary, commercial and technological areas and higher priority is given to our problems on the agenda of negotiations at the world level".

11. The Report goes on to state that "... we deem it necessary to indicate some approaches which will make it possible to reduce the external vulnerability of the regional economy" which are summarized below:

a) **Solution of the problem of the external debt.** The Report states that "the external debt cannot be paid as things now stand and in the absence of sustained economic development. The only way to reach a global and permanent solution to the external debt problem is to initiate an urgent political dialogue between creditors and debtors, based primarily on the principle of co-responsibility and the right to development. In order to do this, it is necessary -in addition to establishing other mechanisms and measures- to adjust the servicing of the debt to each country's real capacity to pay, to limit this servicing on the basis of export earnings or the performance of other economic variables, to reverse the net transfer of funds which affects us and to treat the current debt differently from future debt".

b) **Reform of the International Monetary and Financial System.** On this issue, the Report advocates "greater macroeconomic discipline in the leading developed countries and mechanisms for keeping watch over the measures adopted by those countries, in particular with regard to the effect they have on exchange rates, interest rates and international liquidity. Moreover, cross conditionalities, which are applied primarily in the spheres of trade and finance, reduce our countries' potential for development and autonomy, and hence the complex and burdensome demands associated with external financing should be brought into line with the conditions, economic objectives and development policies of each country. It is essential to increase the resources of the international finance agencies and to reorient their activities to enable them to play a role in keeping with our development needs. In addition, the severity of the balance-of-payments problems affecting the Latin American and Caribbean countries calls for the immediate expansion of the Compensatory Financing Facility, to respond to the negative impact of factors such as the drop in commodity prices, high real interest rates and natural disasters. Measures should also be taken to facilitate the conversion of official development aid loans into grants and to increase the concessional resources granted to small developing economies for their social and economic infrastructure".

c) **Reform of the system of international trade.** In this connection "... we express our deep concern at the slump -unprecedented in the postwar period- in commodity prices; at the acute deterioration in the terms of trade; at the ever-intensifying tariff and non-tariff protectionist measures adopted by the industrialized countries which hinder access by our exports, and at the increasing tendency of those countries to resort to export subsidies and other unfair practices which displace us from our traditional markets and depress international prices even further.

We call for a multilateral system of international trade that ensures high rates of expansion of world trade, together with increasing participation on the part of the developing countries". The Report presents a series of considerations on the launching of the Uruguay Round, "... a positive step in the search for solutions to some of the problems of international trade".

C. The New Emphasis on Regional Co-operation

12. The 33 countries of Latin America and the Caribbean endorsing the Declaration had previously stated that with a view to facilitating the execution of the policies proposed and making them more consistent "we hereby reiterate our will to strengthen concerted action and regional integration and co-operation programmes. At the same time we express our conviction that integration is a suitable means for lightening the burden of the present crisis and facilitating the Region's production, transformation and distribution processes. We agree that the creation of a common economic space opens broader prospects for joint growth and for the well-being of our peoples, provides new impetus for the consolidation of peace and development, and makes it easier to tackle shared problems by taking joint co-ordinated action in various fields. We affirm that the Region must

organize itself with the objective of exercising joint bargaining power at the international level so as to be better able to defend its own vital interests".⁷

13. These guidelines will certainly steer the course of future efforts to promote integration in Latin America and the Caribbean.⁸ There is a keen regional awareness that **those efforts will take place in a harsh international environment.** In fact, "...the world is undergoing a transition stage towards a new international order based on the structural transformations of the central economies and associated with the emergence of new and revolutionary technologies and with the predominance of tertiary activities, within the framework of a vigorous transnationalization of the goods and services productive activities. These facts have been generating a new international division of labour whose consolidation has the support

⁷ The Declaration continues to say that "This conviction has provided the inspiration for the recent bilateral integration agreements signed in Latin America and the Caribbean, which include measures for co-operation in sectors capable of disseminating technological progress and which are further evidence of our **political will to continue carrying out joint activities to further economic recovery and development**, as well as the economic complementarity and convergence measures taken within the framework of ALADI". (ECLAC, op.cit., page 51, item 7.)

⁸ It is useful to remember that "... there are no commonly accepted interpretations for the terms integration and co-operation and, therefore, neither is there a clearly delimited dividing line between both concepts. On many occasions they have been used as synonyms; on others, they stand for different approaches to a same process or situations". In addition, "...in the international field the concept of co-operation is also used in a broad and flexible sense". (ECLAC, International Economic Relations and Regional Co-operation in Latin America and the Caribbean, International Trade Division, Santiago de Chile, Doc. LC/G.1422, May 1986). This document has been a valuable source for the issues to be discussed at the VI Conference.

-at least at this state of transition- of a system of international relations based on "power" and removed from the principles and practices of multilateralism and co-operation between sovereign states".⁹

14. At the same time, **it is possible to have optimistic views on the potential range of intra-regional co-operation.** A case of South-South co-operation would meet the requirements to "play a role in the increased efficiency of the measures adopted by the developing countries in the sphere of international economic relations. It may permit the countries to:

- a) Be better informed on the long-term prospects and interests of the nations with which they negotiate;
- b) Communicate and carry out more frequent consultations about their negotiation experiences in such spheres as the debt, trade, financing and transfer of technology;
- c) Establish joint political position vis-a-vis international economic issues;
- d) Launch in some cases joint negotiations with third countries or with groups of third countries; and
- e) Apply joint measures with respect to the markets of the developed countries, making the best possible use of the relative value of their own resources and markets".¹⁰

⁹ See CEPAL: El proteccionismo de los países industrializados: Estrategias regionales de negociación y defensa, División de Comercio Internacional, Doc. LC/R.500, Santiago de Chile, April 1986 (restricted). The same documents adds that "the present modalities of protectionism and trade are a clear manifestation of these trends".

¹⁰ See UNCTAD: El fortalecimiento del punto más débil: Examen de algunos aspectos de la cooperación Sur-Sur en materia de comercio y finanzas, Geneva 1986, (Summary of Conclusions, p. 4, paragraph 11).

15. Finally, in order to make the different intra-regional co-operation measures more functional, it will be necessary to prevent the fact that, at times, they occur in a scattered or isolated way and that they have some vacuums, and aim at their being formulated and applied in the most systematic possible way. Both because of their long-term effects and because of their necessarily multi-sectoral range, it is essential that they should be consistent in two dimensions: on the one hand, with the whole of each national external policy and, on the other, with the long-term planning or public policies adopted in each country. This document considers this to be an essential direction **to set up suitable links between regional integration and co-operation and reactivation and development: the corresponding policies should combine Diplomacy and Planning.** The first dimension includes such aspects as adjusting to law and the international commitments, selecting co-operation agreements responding to the premisses of external doctrine and sovereignty, implementing decisions of a multi or bi-lateral orientation, determining geographical priorities and, in general, tuning up to the whole of external relations. The second dimension includes the need for intertemporal coherence in co-operation activities, combining intergovernmental and market-inspired co-operation, harmonizing the allocation of resources for co-operation with the other development programmes, co-ordinating in a suitable way intra-regional co-operation and the different sectors (productive, physical infrastructure or social infrastructure) and adjust it to the performance or absorption capacity of the social agents involved in each co-operating country. Although the differentiated spectrum of countries in Latin America and the Caribbean has

imposed nuances in the use of the term "planning", it is possible to assume that there is always room and advantages to link it in an explicit and systematic way to the formulation and implementation of intra-regional co-operation policies.¹¹

¹¹ All these are thesis that the Institute has already defended on other occasions. (See, for example, ILPES: International Technical Co-operation, Development and Planning, High-level Symposium on International Technical Co-operation; Mexico, October 1984 pp. 16 and 17). Following with the same idea, the Institute considers the co-existence of different concepts of planning essential, so that there is the necessary flexibility to adjust to the national features of the Region. For example, planning may be **centralized**, where the State controls the process of accumulation; **prescriptive**, where a process and/or a "document of the plan" aim at combining the decisions of the State and those of the market; **strategic**, in situations in which this change in methodology has permitted to make progress in the iterative calculation with respect to the social process of development decisions and, lastly, **public policy management**, in which the government's guiding rationale does not conform a conventional planning activity.

REVIVAL, CO-OPERATION AND PLANNING

16. One of the thesis sustained by this paper is **that co-operation and integration should be strengthened in the future, in order to favour a more continuous process of revival and development.** In the three-year period 1984-1986 the region achieved a moderate annual growth, of 3.1% in global terms and 0.8% in per capita product. Nevertheless, the available data do not guarantee the continuance of this modest recovery. In fact, the short and medium-term forecasts show a prospect of external constraint, in respect both of trade and of international financing.¹² Priority, should therefore be given to the external sector; its adequate planning should serve as a mechanism for anticipating and minimizing the disequilibria frequently found in accounts with the exterior.

¹² See IMF, World Economic Outlook, Washington, D.C., October 1985, p. 10. See ECLAC, Preliminary overview of the Latin American economy, 1986, LC/G.1454, Santiago, Chile, 18 December 1986. "The negative impact of the trend in international prices on the value of commodity exports has been compounded by the negative impact on exports of manufactures caused by the decline in the dynamism of the industrialized economies and the strengthening of protectionist practices within those economies". (ECLAC, Panorama Económico de América Latina, 1985 (LC/G.1369), Santiago, Chile, October 1985, p.1).

A. Some prospects of Regional Revival

17. In its most recent forecast on the international economy, the IMF estimates that **the growth of the gross product of the industrialized countries will be around 3% annually in the period 1987-1991**, similar to the range of growth projected by the World Bank for the medium term.¹³ The same IMF report forecasts for 1987 a further deterioration in the terms of trade (-2.9%) for the developing countries, both exporters and non-exporters of oil. This ratio would only recover (by around 1%) in 1988-1991, but not for the oil-producing countries if the real price of petroleum remains at the level reached in 1986. The private credit available for the developing countries would expand by barely 2.2% in 1988-1991.

18. As regards **Latin America and the Caribbean**, the **medium-term projections (1986-1991)** place the annual growth rates of the GDP at around **3.6% on average**, on the basis of reasonably optimistic assumptions.¹⁴ Similarly, in its most recent overview of the Latin American economy, ECLAC mentions the uncertainty that affects the prospects of growth in the region, owing to a sluggish recovery of commodity prices, both because of conjunctural factors and as a result of unfavourable structural changes in the demand of the

¹³ See IMF, World Economic Outlook, Washington, D.C., October 1986 and World Bank, World Development Report, Washington, D.C., April 1984.

¹⁴ This depends on the maintenance of negative transfers of resources from the region to the industrialized countries (of the order of US\$ 20 billion per year) and the procurement of some increase in the loans of private banks and the multilateral banking system (see IMF, World Economic Outlook, Washington, D.C., April 1986).

industrialized countries. Nor do the slow rate at which international interest rates are falling and the prevalence of protectionist trends in the industrialized countries augur a favourable external setting for sustained recovery. The ECLAC report concludes that the impact of the international economy on the Latin American economies may not be sufficient and that "...a firm and generalized recovery can only be the result of the combination of a properly oriented domestic effort, stronger and more appropriate international co-operation and more dynamic regional co-operation" (see footnote 12).

19. **This need to revitalize regional co-operation and integration as a support for a sustained revival** is also backed by the analysis of medium-term scenarios (1987-1991) carried out by ILPES.¹⁵

- a) The first scenario, incorporates the relatively more pessimistic trends. It is assumed that the growth of GDP is 2.8% annually for the United States, 3% for Japan and 2% for the European Economic Community and for other industrialized countries. Regarding the net balance of external resources, it is assumed that it will be negative and equal to 20% of the value of total regional exports;

¹⁵ On the basis of studies made by the Economic Projections Centre of ECLAC, in a co-operative effort to prepare background details for this Sixth Conference (Havana, March 1987). Two scenarios have been drawn up based on alternative assumptions for the following variables: growth rate of industrialized countries, net flow of external financial resources (positive or negative, according to the algebraic sum of external debt servicing payments and the net inflow of credits and foreign investments) and rate of growth of intra-regional exports. This is part of an ample research from five different future perspectives, that is actually being developed by ILPES.

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that is, slightly less than the figure registered in 1986 (23.6%). With respect to intra-regional exports, it is assumed that they will maintain their present share in total trade (equivalent to 14%).¹⁶ With this set of assumptions the external situation remains restrictive, in that the average annual growth of GDP in the region is not apt to exceed 3.4% for the period 1987-1991.¹⁷

- b) In the second scenario the same low growth of the industrialized countries is assumed but with a substantial change both in the net flow of external resources and in intra-regional trade. One hypothesis reduces to half the net flow of capital with respect to the value of exports (i.e., from 20% to 10%) as the result of new conditions in respect of renegotiation of the external debt and the prevailing interest rates. As regards intra-regional trade, it is assumed that its percentage of the total would rise from 14% to 17%.¹⁸ The results of this second scenario would be clearly favourable. The mere reduction to 10% of the negative net flow of external capital would enable the region as a whole to grow at a greater annual rate (5.4%). If this were accompanied by the intensification of intra-regional trade, this growth rate might be raised even higher (to around 6% a year) which would open the way to self-sustained development. It should be noted in particular that this favourable result would be achieved even if the growth of the industrialized economies remained low (on the order of 3% a year).

16 As regards the price of petroleum, this remains at the same level in both scenarios: it is assumed that the current price (US\$ 18 per barrel) will be maintained up to 1989, with a slight downward trend in 1990-1991.

17 It is worthy of note that only in more expansionary conditions of the economy of the industrialized countries (with an additional 1% in their annual growth ratio of GDP), could Latin America and the Caribbean grow at a greater rate, i.e., of the order of 4.3% per year. To draw a comparison with the long-term trend, see paragraph 4.

18 In other words, it would grow 10% annually from the absolute level of 1986. This ratio is not unattainable, since it was practically reached in the years 1978, 1979 and 1981, having risen in some years of the decade of the 1960s to over 30%. This would call for the prompt intensification of the trade agreements in force and the adoption of the new ones and for the implementation of financial arrangements that would make intra-regional trade less dependent on the conditioners of external finance.

20. To sum up, this exercise shows that **only through more favourable conditions in the servicing of the external debt and a decided effort at greater co-operation**, will Latin America and the Caribbean be able to overcome the burdensome effects of the present decline in growth. The fact that intra-regional co-operation offers an appreciable potential for economic revival is a decided advantage to the region.
21. There is **certainly a wide variety of approaches to greater co-operation** and integration. ECLAC points out the possibilities of stimulating fuller co-operation among countries of fairly similar economic dimension (Argentina, Brazil, Mexico); among the Andean countries, the Central American countries and those of the Caribbean; and among countries of complementary economic structure (Argentina-Bolivia, Colombia-Venezuela), including, of course, the integrated development of various frontier zones.¹⁹ At the same time, it indicates certain forms of relationship among countries of dissimilar economic dimension, but with levels of interdependence originating in historical circumstances or from mere geographical proximity (Uruguay and Paraguay with Argentina and Brazil, for example), or among member countries of the so-called "Amazonian pact" (which might facilitate a system of intra-regional specialization which would at the same time meet the essential conditions of reciprocity).

¹⁹ ECLAC, op.cit. For information on frontier development, see Annex II.

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B. Planning Bodies in Relation to Regional Co-operation

22. Traditionally, **proposals role in respect of integration have received little attention in the planning practice of the region**, nor have co-operation and integration policies been explicit with regard to the functions of National Planning Bodies (referred to henceforth as NPBs).²⁰ In order to incorporate the requirements of integration and co-operation agreements in national development strategies a distinction must be made between measures that affect the transformation of the regional production structure and those which aim more exclusively at the immediate expansion of the market. The former are particularly concerned with investment decisions and the latter with flows of intra-regional trade, expected or planned. Both types of measure (obviously related to different time horizons) should be explicitly contemplated in an economic revival policy. Taking these aspects into account opens the way for introducing the regional dimension (bilateral or multilateral) into medium-term development planning and for integrating more successfully short-term policies (in particular those of external trade) with the priority objectives established for the National Planning Bodies. (See Annex I for the background material on which this part of this Chapter (Part B) is based).

²⁰ In this document, - as on previous occasions - the term National Planning Body (NPB) is used to designate the highest ranking national body (irrespective of its official designation: Ministry, Secretariat, Office, etc.), **responsible for the tasks of planning and/or co-ordination and management of public policies** (economic and social).

23. To include this regional dimension, **the NPBs can collaborate in different decision-taking processes**, especially in the programming of investment, whether made directly by the State or induced in the private sector. In drawing up the budget of public investment for the medium term it will be necessary to identify those which will be more decisive in the expansion of the regional market, and those which are associated with regional projects such as projects to promote industrial complementarity, projects for the joint development of natural resources, transport projects and projects for the development of river basins and frontier areas. In the private sector, national projects to attract foreign capital might focus on opportunities for new joint investments of capital from within the region.
24. Again, **public and private investment in reciprocal trade** might be regarded by the NPBs as a contribution to regional co-operation policies. Lastly, with a view to optimizing the use of scarce foreign exchange in the promotion of productive activities -efficiently combining the growth of exports with import substitution on a regional scale- trade-offs will become necessary in decisions on investment, especially public, investment, whose rationale should combine the wider aims of development with the more urgent needs of intra-regional trade.
25. Another potentially important contribution by the NPBs to intra-regional trade is **assistance in channelling the purchasing power of the public sector** towards regional suppliers. In this connection ECLAC has indicated, on the

basis of data from INTAL, "that in 1982 some 40% of total imports represented purchases by the public sector".²¹ The diversion of trade in the form of programmed purchases by the state sector might be given more explicit consideration in the processes of public sector planning, which would also benefit the region's private sector.

26. Another line of co-operation might be centred on a **concerted modification of the supply coefficients** (i.e., the percentage of total imports originating in the area), with a view to the recovery and expansion of intra-regional trade in the medium term. The NPBs might set numerical targets reflecting desirable levels for this trade, which depends of course, on decentralized economic agents, public and private. At the same time the NPBs might evaluate the cost of this planned diversion of trade in order to provide a more specific and reliable frame of reference for regional negotiations.

27. Moreover, in the case of **primary products, manufactures and services**, there **should be a greater joint effort to increase supplies within the region**, especially supplies of products which have scant access to the market of the

²¹ Subsequent studies have indicated that, of the US\$ 29 billion for State purchases by the member countries of ALADI, approximately US\$ 20 billion were spent on imports of petroleum and food products. This would indicate that around US\$ 9 billion had been earmarked primarily for imports of manufactured products, including capital goods (see ECLAC, Cooperación comercial y negociaciones regionales, LC/R.513, Santiago, Chile, July 1986, p. 17).

centres.²² It is also common knowledge that many of the primary commodities exported by some countries of the region to the rest of the world are at the same time imported by other countries in the region. Any redirection of such flows would involve seeking solutions to certain transports, marketing and storage problems whose multisectoral character means that solutions to them must also be co-ordinated at NPB level.

28. There are, of course, other aspects of co-operation, which are not included in the areas of investment and trade mentioned so far. Some have to do with **specific structural rigidities** which also interrupt or hamper intra-regional trade. These include deficiencies in telecommunications and transport, external dependence and the high costs of freight and insurance, certain restrictive trade practices used by large international enterprises, and energy problems. Numerous projects of regional co-operation are now addressing these rigidities, and in practically all of them the NPBs can offer some support to enable the solutions to be more functional in terms of joint development.

²² Another component of this same strategical approach is the effort to achieve a greater degree of "national or regional food security", by trying to depend less on imports of mass consumption basic foods, from third party countries.

29. At the same time, one of the highest and most inalienable callings of the NPBs is to **anticipate scenarios of future development**, which in their turn are decisive for directing long-term regional integration and co-operation efforts. In particular, investment decisions themselves give a rough idea of what the future productive structure will look like; at the same time the corresponding technological options create and consolidate dynamic comparative advantages, and both serve as vital sign posts to the future. All this shows the feedback that exists between the machinery for integration and co-operation and some of the typical functions of the NPBs.
30. **Forecasts of change for the worst in the environmental heritage** are of great importance in some cases and relate to possible future conditions. Co-operation in this area must, in fact, meet two inter-related needs: first, it must further a multilateral assessment of attacks on the environment of regional impact, and second, it must anticipate future attacks which might result from the incorporation of new production technologies (in this connection, see Annex III).
31. The forecasting of the evolution of the external scene and its repercussions both on trade flows and on the region's prospects for future growth are of particular value in determining the compensatory role that integration and co-operation may play in the region. For reasons of economy of scale a **"regional system to monitor the evolution**

of the external scene" might be set up for the general benefit of all countries. This same system might routinely observe the international economic situation and anticipate its possible short- and medium-term consequences for the economies of the region and also systematically identify structural and technological transformations in the central countries which, in the long term, might have significant repercussions in the region.²³

32. Again, from a regional standpoint **certain obstacles to integration and co-operation may be foreseen** which are not easy to identify from a strictly national angle. These forecasts may guide the analysis, discussion and harmonization of potential trade flows, transfers of technology and intra-regional financing and, in particular facilitate industrial and technological integration. Hence, this information assists the search for greater compatibility between national investment policies and the objectives of ensuring greater integration of the productive sectors.

²³ As a matter of fact these subjects are already being dealt with in various studies (EPA model of Japan, MULTI-PAIS model of the Federal Reserve of the United States, INTER-LINK model of OECD, in addition to those which exist in every industrialized country in different private and public institutes). There is no suggestion here of creating new bodies or new international mechanisms, since admittedly this task can be carried out within existing programmes of work, especially in those of ILPES itself and of ECLAC (bodies which are already performing it in part). The MEGA model (JUNAC) points in the same direction. Nor would the idea sketched out here involve an increase in the list of possible models and projections, but rather an attempt to complement it and harmonize the international estimates available, within a sphere of strictly regional interest, and to propagate it periodically in accordance with the cycles of budgetary programming and economic policy generation in the region (see also paragraph 31 of ILPES document E/Conf.4/L.3 issued in May 1983).

33. Respecting the **stimulation of scientific and technological development from a regional angle**, it is true that promising progress has been made.²⁴ Nonetheless, an industrial innovation policy or policies, relating to Technology (creation of local technologies, selective acquisition from abroad and intra-regional exchange) call for concerted action among the countries of the region on a permanent basis. This is due both to the particular dynamics of national science and technology policies and also to the rapid changes in the field of technology world level. This concerted action must include the participation of the existing entrepreneurial associations²⁵ and of the public sector under the impetus of the NPBs.
34. More recently the importance of **intra-regional trade in services** has been increasing especially in transport and insurance and in the so-called "new services" (activities associated with information sciences, telecommunications, design and engineering, etc.).²⁶ Trade in services must be postulated in connection with the challenges of the technological transformations in progress. The establishment of public

²⁴ See, for example, the reports of the Latin American Commission on Science and Technology (COLCYT-SELA) which works in the field of biotechnology, essential pharmaceutical products, germ plasm, consultancy and engineering and economic and social forecasting and the Andean Programmes on Technological Development in copper metallurgy, and utilization of forestry resources and food (SELA, Décimo Informe Anual de la Secretaría Permanente, Lima, October 1986). In 1984 the Latin American Technological Management Association (ALTEC) was created.

²⁵ See footnote 47.

²⁶ See IPEA/ECLAC, La experiencia de las empresas latinoamericanas de ingeniería en el comercio internacional de servicios - Países miembros de la ALADI, Brasilia, 1985, Chapter VII.

and/or private joint enterprises of greater scope may signal the emergence of a new field of regional co-operation for embarking on activities in specific sectors.²⁷ This requires prefeasibility studies at regional level, in which the possibility of joint or complementary initiatives is considered. The NPBs can play a crucial role in the preparation of these studies in particular with regard to the highly important problem of how to avoid limiting the development of services by applying the restrictions discussed in the new round of GATT negotiations.

35. Regarding the promotion of financial and monetary integration, various measures are being taken to perfect or create regional co-operation mechanisms²⁸ in pursuance of the following aims: i) to encourage intra-regional trade by discouraging the use of freely convertible foreign exchange; ii) to stimulate greater participation by the commercial and regional banking system in the attraction of external resources in order to sustain the needs of trade and iii) to support efforts at co-operation and integration in the financial area, as part

Footnote 27: A recent example is the enterprise LATINEQUIP, set up by three state banks of Argentina, Brazil and Mexico for the purpose of fostering the export of capital goods and technological services; another is the recent Brazil-Argentina agreement for the joint exploration of the biotechnology sector.

²⁷ A recent example is the enterprise LATINEQUIP, set up by three state banks of Argentina, Brazil and Mexico for the purpose of fostering the export of capital goods and technological services; another is the recent Brazil-Argentina agreement for the joint exploration of the biotechnology sector.

²⁸ Some of these, as is well known, have already made notable progress; for example, the ALADI Agreement on Reciprocal Payments and Credits, the Santo Domingo Financial Assistance Agreement, the Central American Clearing House, the Andean Development Corporation and Andean Reserve Fund. Other suggestions with related objectives include the creation of a Latin American Monetary Unit (UMLA) and a Financial Co-operation Fund as proposed by the Advisory Commission on Financial and Monetary Affairs of ALADI in 1984, and the establishment of the "Andean peso" agreed by the Presidents of the Central Banks of the Andean Group in 1984.

of a wider scheme of economic security for the region. Furthermore, the region has developed a system of credit institutions linked with the financing of productive investment projects, balance-of-payments support and the expansion of non-traditional exports, which can play an intermediary role in the procurement of resources from outside the region. These are necessary for the medium- and long-term financing of exports of capital goods, of a regional system of export insurance, and lastly, of the regional investment related to new projects. However, financial and monetary integration, as a long-term aim, goes beyond all these efforts and postulates greater convergence and co-ordination of the financial and monetary policies of the member countries and, to the extent that this is possible, regional handling of flows of capital from outside in a more uniform or articulated manner. There are at least three reasons why this is another area in which NPBs can work together with other bodies engaged in regional co-operation: the need to articulate financial flows with real flows; the inescapable fact that these integration efforts must be viewed in the long-term and the presence of a complex multisectoral problem that falls within the competence of the NPBs.

36. **Intra-regional technical co-operation** should be understood as another essential aspect of the topic dealt with here,²⁹ which makes it possible for public and private enterprises to exchange services in a spirit of solidarity and provides opportunities of combining bilateral and multilateral operations. These operations may cover a wide range of activities and their main purpose is to exchange technical knowledge and experience among countries through the training of human resources, the transfer of technology, the supply of equipment and other ventures. At least two thirds of the NPBs in the region are already engaged in activities relating to Technical Co-operation and it would seem that they are in a privileged position for providing impetus for fresh efforts in the realm of regional co-operation in this field.

²⁹ Specifically, United Nations Technical Co-operation among Developing Countries (TCDC) can serve as a suitable means of facilitating action in co-ordination with UNDP, ILPES, IDB, SELA, ECLAC and other institutions in this field.

STRENGTHENING OF REGIONAL COOPERATION AND DIRECTIONS**FOR DEVELOPMENT: TWO LONG-TERM TASKS**

37. At the beginning of this document (Chapter I) we stressed the importance of the external crisis as a limitation for a possible reactivation, as well as the convenience of emphasizing regional cooperation in a strategy for the recuperation of development. Next, (Chapter II) we emphasized the support that the National Planning Agencies may potentially offer to intra-regional cooperation. This last chapter focuses on **some more general issues that must necessarily be considered when the aim is to articulate the policies for cooperation and integration with the national efforts for the planning and coordination of public policies.** In some cases, part of the arguments mentioned before will be reaffirmed, yet with no attempt to sum them up in a systematic way.

38. The main thread of thought is the statement that **both the efforts to consolidate regional cooperation and integration and the efforts aiming at the recovery of development must necessarily be programmed within a long-term perspective.** Both types of efforts are conditioned to their being inspired by strategic thinking in order to extend the power of the Region in the construction of its own future. The "production" of strategic thinking is a highly specialized function that is not possible without a necessarily

inter-disciplinary approach. And it is this combination that is one of the scarce factors in the Region.

39. Taken in its fullest sense, **the regional cooperation and integration policy forms part of the global development strategy.** At present, this equation requires a change of perception in the methodologies and in the implementation of its two components: that of cooperation and integration and that of public planning and policies, be they economic or social. In relation with the former component, it is indispensable to perceive the need for strengthening regional sovereignty in the present contradictory moment in history, characterized by a reduction in the degrees of freedom that the Region has to define and apply its own development policy. As regards the latter component, an essential perception is that all the possible perspectives should involve modernization efforts not to be divorced from a political project for development -be it national or regional- lest our countries be led into a new historical cycle of dependence and exclusion.
40. In terms of both components, **there is at present a wide range of challenges to be met.** The Region should be prepared -very much in advance- for a new modality of international insertion, whose gestation has in fact already begun, but whose peculiarities have not been fully apprehended. Within this future insertion, is it necessary to identify lines of common interest despite the growing economic, social and political heterogeneity within the Region. It is necessary to retrieve the most successful cooperation and inter-disciplinary experiences of the past and, at the same time, project

them on to a future whose characteristics are undeniably very different. All of this has to be done assuming a certain degree of stability within the international context, although it is currently acknowledged that the set of regulating institutions multilaterally set up after the Second World War has lost functionality to promote development. It is also important to consider the world-wide consolidation of inter-dependence which is, however, marked by a great alteration in the patterns of the transmission of dynamism between more and lesser developed economies. In addition to this, both cooperation and development are social processes and it is natural that they should involve "with a component of inertia, which tends to repeat the past and a component of chance, in which man's adaptability and creativity play a part".³⁰

41. Moreover, **the theoretical paradigms available do not favour complete speculations about the future.** It is well known that the industrialization potential is the great criterion for the allocation of resources for science and technology at a world scale, a fact to which the present development dynamics is conditioned; that the differentiation between products and processes on the one hand and the predominance of services in productive

³⁰ See COSTA-FILHO, A., Planning within a Framework of Interdependence, "International Colloquium on New Directions for Development Planning in Market Economies", ILPES/UNDP, Doc. **NTI/D.15**, Santiago de Chile, August/1986, (paragraph 19). With respect to the need for new perspectives for long-term strategies, see - from the same Colloquium - the following references ("Nuevos Textos ILPES" Series): **NTI/D.3** ILPES: Planning in Latin America and the Caribbean: Suggestions for an Updated Discussion; **NTI/D.6**-DUBOIS, Paul, Macroeconomic Models and Planning in the Context of an Uncertain Future - The French Experience; **NTI/D.7** - INGELSTAM, Lars, Long-Range Development Planning. Notes on Essence and Methodology.

activities on the other hand are accompanied by a "proliferation of variety" in the stages of production and work specialization; and that, furthermore, the accelerated rate of technical progress is the present result of new forms of linkages between the different spheres of capital. Thus, development takes shape as an unstable process, whose fate is uncertain and whose complexity is vast and becoming vaster.³¹

42. Within the countries, it is possible to observe a **concomitant multiplication of social agents and, in a parallel way, a growing interdependence between their conflicts.** The increased presence in the Region of political regimes that have given way to social participation has been accompanied by an increased struggle on the part of the different actors to obtain from each of the governments "preferential margins" in their allocation of resources and implementation of internal policies. For our purposes it is important to point out that several social actors may sometimes consider that any given regional cooperation and integration clause represents an additional restriction to their freedom of initiative. In other words, there is another challenge involved in the promotion of a growing consensus and

³¹ Understood as "an increase in the variables and dimensions to be considered in conducting analyses or making projections and, at the same time, and increase in the linear and non-linear relations involved in the network of their interlinkages. If economic analysis is to move towards this new kind of perception, it will gradually have to abandon its deterministic legacy". (ILPES: op.cit. note 30, Ref: **NTI/D.15**). The same document says that "This is a decisive factor if any useful reformulation of planning methodology is to be accomplished which will enable it to help each society to choose and stress one among all the possible future directions for its own developments process, and it may increase its ability to move in its chosen direction".

accord both to strengthen cooperation and to stimulate development when social tensions have become more widespread.

43. We shall present below **five main lines of thought** (which, in some cases, refer to points already considered). They have to do with new possibilities of immediate cooperation between NPAs, their potential for cooperation in a longer-term horizon; certain responsibilities which -within each country- should be discharged by the NPAs in order to multiply their support to regional cooperation; minimal requirements for their internal reinforcement; and, finally, some essential problems for the implementation of plans and policies that may permit the articulation of regional cooperation and development, which involve the redefinition of the role of planning within each government.

A. New Fields for Immediate Cooperation between NPAs

44. Without discarding other areas -some of which have already been mentioned elsewhere in this document- the following may be considered as a guideline to strengthen the inter-relationships between the NPAs of the Region in the short term.

- a) Determining the priority of the different activities by considering the needs of external negotiation, which involves an orientation towards the effective observation of trade, science and technology negotiations, exchange of services and, especially, external financment (see paragraph 10);

- b) An updated understanding of the structural changes of the world economy, above all in the aspects that are more closely related to the Region. In particular, it is necessary to restore a reliable picture of the present state of the heterogeneity phenomenon resulting from the uneven penetration of technological progress in the different branches of production. The analysis of the actual and potential interlinkages between great projects of a regional interest and scope is also inserted within this field as is a survey of possible frictions susceptible of being reduced by means of specific efforts of regional cooperation. In addition to this, it is also possible to evaluate prospective regional advantages in certain areas of joint cooperation with the socialist countries.
- c) Observation of critical variables of the world conjuncture. NPAs are, most of the times, the best suited bodies to perform an observation of the world conjuncture expressed in terms of the fluctuations of certain leading "prices" (particularly rates of exchange and international interest, prices of certain commodities, etc.) as envisaged in the observation scheme suggested by ILPES (see paragraph 31). In particular, such observation may anticipate certain conjunctural phenomena by means of the selective analysis of some indicators that may (previously) serve as proxy variables associated to these phenomena.
- d) Financing and mobilization of resources. This is another point of decisive importance in the near future. The not very encouraging prospects of growth of syndicated loans, Official Aid to Development, loans from merchant banks and international flows of risk capital make this a crucial issue. In the internal sphere this of course has to do with different alternatives for the design of fiscal policies, the conformation of money markets and the performance of public enterprises as entities attracting resources. A novel approach to this issue includes the study of the possibilities of non-conventional sources of resources by means of a concerted action between the public sector and hitherto untried forms of non-governmental social organization within decentralized societies. (See paragraph 47 and Annex IV).
- e) Multiplying direct cooperation of a non-governmental nature. In connexion with this but on a different plane, it is important that NPAs should play a role in the promotion and coordination (the latter shared with other governmental entities, mainly, the Ministry of Foreign Affairs) to stimulate direct regional cooperation between non-governmental bodies, particularly, between private enterprises and associations (when this is possible). Mere inter-governmental cooperation is not enough to speed up and make good use of the wide range of cooperation possibilities taking shape on a regional scale.

f) Designing "emergency plans" in case of eventual adversity. Finally, another important short-term function will be the (cooperative) development of segments of "emergency plans" to be launched when the external conjuncture proves to be particularly adverse for the Region. In fact, these emergency studies may aim at different targets: the consolidation of a situation of hegemony on a world scale, with a high power of economic retaliation; a situation of multiple shared hegemonies, which may bring about a strategy of differentiated interdependence and the emergence of sudden conflagrations, which may seriously damage the national development processes.

B. Long-term Collaboration between NPAs

45. There are other possible lines of work in a scheme for regional collaboration between NPAs which, however, may only produce substantive results in the longer term. The following can be mentioned:

a) Alternatives for a dynamic insertion within the world economy. There is no denying that the main dynamic nuclei of the regional economy have been exhausted and that the acceleration of technological change has rendered obsolete many of the (comparative or absolute) advantages which permitted the Region to enjoy an international insertion that used to be reasonably functional in terms of its development targets. The NPAs may become the ideal locus to identify new alternatives on the two inter-related plans where they must be formulated: the **defensive** plane, in the sense of preserving spaces already conquered and the **active** plane, in the sense of fighting for a more favourable insertion within the world of the future.

b) Changes in the centres of gravity of the world economy. From a somewhat geo-political and geo-economic viewpoint, it would be indispensable for the Region to have reliable and timely information on the fulcra of power and dynamism of the world economy of the future. It is generally agreed that there was a change in the influence of the Atlantic and the Pacific "Basins", particularly if we observe the recent evolution of Japan and some

countries in South East-Asia. This is an isolated example of world phenomena requiring complex analyses of "real" economic dynamics (and not of only financial flows), which may change the development and cooperation options within the Region. Part of this observation is inserted within the functional framework of the NPAs.

- c) Reformulation of the mechanisms for the regulation of the world economy. In connection with the two issues mentioned above and with the task of supporting external negotiation missions (see paragraph 44, line a), it is necessary for the countries -in advance and as a whole- to formulate their "regional position" vis-a-vis desirable changes in the large international institutions for trade (and even for the circulation of technology), monetary and financial regulation (GATT, IMF, etc.). By reason of the other activities already performed by the NPAs (or which the NPAs may perform in the future), these agencies can use their "economies of scale" to contribute to the conformation of the regional position. In particular, the close observation of the changes related to the privatization of these regulatory mechanisms -which restrict the chances of intra-regional and even of private entrepreneurial- development could be another habitual cooperation function between NPAs.
- d) Information, communication and cultural identity. Finally, another long-term activity to be coordinated with other specialized governmental bodies refers to the assessment of information technologies on, particularly, the international patterns of communication and the cultural peculiarities and idiosyncrasy of the Region. This is an issue of a transcendental scope in that it overlaps with the need to preserve the particular identity of each nation and, therefore, with the national policies for the consolidation of its sovereignty. There are sufficient manifestations of multi-sectoriality and of incorporation of technological innovations to recommend that the NPAs and the other governmental and non-governmental bodies concerned should collaborate in their study. Furthermore, communication plays an important role in the conformation of social expectation which are decisive for the implementation of development policies.

C. Repercussions of Regional Cooperation on NPAs

46. As the cooperation tasks outlined in this document are put into practice, the NPAs would be obliged to introduce some changes in their internal procedures. At least three repercussions of this should be stated:

a) Incorporation of the "Regional" dimension to the national development strategies. As was already pointed out, a first requirement would be to state in an explicit way the proposals for regional cooperation in and/or integration of the national development strategies. The idea, of course, would be not to do this in a mechanic way but to justify the presence of this dimension to facilitate regional accord. Among other things, to achieve this it is necessary to:

- articulate public policies and the cooperation envisaged;
- conceive creatively new instruments of a regional scope;
- clarify the role of regional cooperation as a favourable resource to face external restrictions;
- coordinate it with productive restructuring and changes in the external markets.

b) Expansion of a space to spread and consolidate regional cooperation. From a pragmatic viewpoint, regional cooperation and integration will not make progress in a spontaneous way or because of inter-governmental solidarity; the other economic agents will assess them in terms of the impact that they may have on their own hierarchy of interests. The NPAs could be concerned with collaborating in:

- identifying and indicating the viability of large investment ventures susceptible of materializing through regional cooperation;
- getting to know and exchanging data on the incorporation of new technologies to sectors which are strategic for regional development;

- promoting the dissemination of data on new entrepreneurial opportunities and the exchange of experiences in modalities of (public and private) entrepreneurial organization that may result in new regional initiatives.
- evaluating alternatives for cooperation or economic complementation with the support of other specialized bilateral or multi-lateral bodies.
- evaluation and dissemination (in conjunction with other governmental bodies and non-governmental organizations) of new modalities for inter-entrepreneurial cooperation such as "leasing", "trading", "licensing cooperation", management and technological consultancies, co-production projects, supplies contracts, production arrangements with a time limit, "compensated" cooperation (bartering, sharing out of production quotas, etc.) besides bilateral or multilateral joint ventures.

D. Requirements for the Organizational Strengthening of NPAs

47. It is undeniable that any extra burden to be added to the functions already discharged by the NPAs will imply a parallel effort of institutional improvement to increase their efficiency levels. This issue represents implications which exceed the limits of the present document.³² However, there are at least three action lines which should be mentioned here:

- a) Reference entity for the observation of the "real" economy. NPAs are the most suitable bodies to observe the "real" phenomena of the dynamics of the economy, even in such cases where the NPA may be a relatively weak governmental entity. This function could be orientated in terms of:

³² This issue was already dealt with in some depth at the Fifth Conference and, therefore, the formulation presented then will not be repeated here. (See ILPES:op.cit., note 2). In this document, please see Part F: "Planning in the Region in the Mid-Eighties" (paragraph 40 to 51).

- providing permanent and reliable information on the investment flows (be they public or private; internal or external) and on the fluctuations in the level of physical productivity (particularly labour); this could be extended to the comparative analysis of similar economic sectors (in the country and abroad);³³
- incorporating the permanent impact of the national technological development into the production relations and, all the more so, into the weighting of the "information inputs" in the productive process (since their increased weighting is a crucial characteristic of modern development);
- carrying out continued and selective follow-up studies of intersectorial links, contributing to the conception and launching of economic policies affecting the activities where two or more sectors interface;
- consolidating an internal technical team capable of following the "external sector" situation, with a self-sufficient capacity to support the national groups negotiating with other countries. (See, once again, paragraph 44, line a).

b) Effective control of some medium and long-term instruments. This could be defined as the "sine-qua-non" requirements for the NPAs to have the necessary minimal conditions to discharge in a satisfactory way their varied range of functions. In particular, the NPBs play an important role in the pluriannual programming of investment and of the other components of public spending which call for medium or long-term programming. Besides, these bodies are generally among the best suited to give support to the governments in their efforts to stabilize as far as possible the conjunctural economic policy.³⁴

33 The indicators of real productivity are essential, as is well known, in any strategy for the promotion of exports and the stable conquest of external markets. However, although these are priority objectives for almost all the governments, the information on these indicators is still insufficient and lacks reliability.

34 Recent experiences of "heterodox" adjustment policies show important it is that the government -whatever doctrinary leanings it may have- should have a sufficiently large battery of instruments to assimilate or undermine the resistance of social agents capable of subverting economic order, even in such cases as these policies have proved to have found a widespread consensus within the national society.

- c) To transmute the energy liberated by vindicatory pressures into forces of social cohesion. It is undeniable that, stated in these terms, this is a sensitive issue open to multiple interpretations. Beyond the social policy formulations of this document (see Annex IV), we believe that the NPAs may play other leading roles by complementing (and not replacing or confronting) the regular actions of other specialized governmental bodies (such as Ministries or Offices for specific social sectors such as education, health, housing, etc.). Because of their multi-sectoral performance, NPAs are generally suitable bodies to articulate the whole of the social policy with the conjunctural economic policies and with the medium and long-term governmental plans and programmes. Within either perspective, they can play a creative role in the conception of new instruments for action that may consider social needs not only in terms of their aspect of "absence", but also from a positive point of view, which may contribute to channel a new social energy with a significant productive potential. The exclusion resulting from the traditional development styles, and the advent of more open political regimes may, naturally, lead this energy -aggravated by the sacrifices that the present crisis has called for- to explode into vindicatory sequels. In general, the governments lack the resources to satisfy this avalanche of indications within the traditional social policy mechanisms. We consider it convenient to explore the possibility of conciliating accord and social participation together with public instrumental creativity in a more exhaustive effort to attend to social needs. This implies assigning the direct beneficiaries a more important role in the production of the goods and services that they may require, minimizing governmental support, which also makes sense if we think of the years of fiscal austerity to come. Along these lines of thought we believe it is possible to mobilize in a positive way the important potential of social energy available in the Region, which has so far been ignored by the traditional economic metabolism. Besides, there have been experiences that show that there are opportunities for the application of this approach without affecting the institutional peculiarities of each country.

48. The success of policies aiming at closer bilateral or multilateral relations within the Region will, of course, depend on the degree of coherence and stability that they may reach in the countries involved. If these policies are to be articulated with the promotion of national development, their success will also be measured in terms of their specific contribution to this process. In the case of a long term perspective, articulation will not be possible without a minimum number of typical planning activities such as inter-temporal coherence, inter-sectoral coordination, pluriannual programming of physical and financial targets, articulation of instrumental policies, technical compatibilization of targets and public policy measures, promotion of social accord and, above all, evaluation of future medium and long-term scenarios. **If a NPA lacks the necessary minimal conditions to carry out its most typical tasks, it will not be able to offer significant support to the regional cooperation and integration efforts either.** In other words, if the NPA does not take an active part in the conception and implementation of the internal (economic and social) public policies, it stands to reason that it will have no influence on the proposals for regional cooperation and integration which form an inherent part of the external policies of each country. Although the organizational situation of NPAs in the Region is quite heterogeneous, most of them could benefit from a radical change in approach vis-a-vis the role of planning in the global orientation of the national development process.

49. Planning and efficiency of the State. Paying heed to each country's idiosyncrasy and institutional peculiarities, **the planning activity -as an essential long-term instrument- should be conceived as supporting the Statesman;** i.e., the ruler concerned with the construction of the State as the political and legitimate expression of the people and, therefore, committed to the consolidation and integration of his national society. From this perspective, planning should be undissociatable from the slow and cumulative process of conformation of the "ruling capability". In its most transcendental sense, this capability should not be considered as the exclusive attribute of each of the successive teams of authorities and technical experts in the government. On the contrary: it is necessary to give it a more permanent sense without which it will be difficult to raise the levels of efficiency of the State as a whole.³⁵

50. "Ruling capability" and complexity of development. If the dynamics of a national society is understood as a highly complex and open-ended development process -in keeping with the approach already described-³⁶, it is irreducible to mere economic growth (and, what is more, will be

³⁵ A greater selectivity in governmental action (rationalizing activities which are redundant or inexpressive) is, most certainly, another requirement to achieve greater efficiency. On the "ruling capability", see DROR, Yehezkel: Gobernabilidad, participación y aspectos sociales de la planificación, ILPES/PNUD, Santiago de Chile, August 1986 (NTI/D.10). Also see, GURRIERI, Adolfo: Comentarios a la exposición del Dr. Dror (mimeo), ILPES, August 1986. (Both documents were presented at the Colloquium described in note 30).

³⁶ See, once again, paragraphs 40 to 42. With respect to its scientific current validity see: UNU, The Science and Praxis of Complexity, "Contributions to the Symposium held at Montpellier", France, published by the United Nations University, Tokio, 1985 (Sale N° E.85.III.A.7).

47

uncontrollable through the sole manipulation of prices and monetary or macro-financial aggregates). An apparently surprising corollary is that it would not be advisable nowadays to conceive a NPA as a supra-Ministry with the individual capacity to design and launch the most decisive public policies to orientate this long-term dynamics. Insistence on denying this has frequently been the result of the legacy of the prescriptive and inflexible excess which have marked the history of planning in the Region for many of its early years. It seems to be preferable -once again, adapting the generic idea to each national situation- to approach the complexity of the present development process through some kind of "mini-council" (with ministerial rank) to operate as a multi-personal entity to give permanent and particular support to the Executive Head. Within this council, **the top level authority of the NPA would be one of its permanent members, whose function would be that of contributing with the necessary long-term vision and technical rationale** to harmonize the "real" sides of each governmental decision and the main objectives of national development. The other members should represent in a schematic way the top-level entities responsible for the internal political articulation of the government, National Security, Foreign Relations and Public Finance Problems.³⁷

37 In situation in which Planning and Finance are combined in one same ministry, it would be advisable that the top level authorities within each of these areas should co-participate in this eventual collegiate executive body because of the differences in perception with which they should contribute.

In fact, the present complexity of the government task seems to have little compatibility with the persistence of a traditional ruling style, marked by multiple bi-lateralism in the relationships between the Head of the Executive and each specialized ministry, with the consequent segmentation in the formulation of the main public policies and eventual difficulty in their inter-institutional and inter-temporal coordination. Unless changes that increase the internal efficiency of the exercise of government are made -considering a long-term perspective- it is unlikely that the external cooperation and integration policies may reach their possible levels of excellence.

51. Proliferation of "packages" and political stability. From a different perspective, it is unavoidable to admit that political discontinuity generally brings about changes in the national development strategy and in foreign relations motivation, including regional cooperation and integration efforts. In addition to this, the present decade has made it possible to observe very short duration cycles in which there has been a succession of "policy conglomerates" or "instrumental packages" (really, more like unpredictable steering moves whose frequency is almost erratic), which compromise the immediate course of development. This conjunctural phenomenon also affects the foreign relations policy and, consequently, the cooperation and integration policies. **Both phenomena -one of them political and the other economic in nature- prevent the Region from making speedier progress towards higher levels of mutual understanding and complementary.**

In the long-term, a minimum of institutional stability and fewer shifts in public policies would be positive factors to strengthen the regional cooperation and integration policies.

52. Political legitimacy and social participation. Another factor to be considered has to do with the social back-up to the execution of public policies. In fact although the social consensus confers legitimacy on the exercise of power, it does not automatically render it more efficient. In view of the complexity of the national modern society, it is very difficult to govern in an equally efficient way all the multiple spheres of action of the State. Along this line of thought, **social participation, which is generally upheld as the practice of freedom, should also be considered as a technical requirement to increase the social efficiency of the government.** It seems also unlikely that be significant progress may be made in regional cooperation and integration if such proposals are perceived as detrimental to the public interest of each country, defined as the concrete results of processes of social accord and participation.³⁸

³⁸ However, when options that refer to a more remote future are at play, this type of consultation or the search for accord seem to be of little feasibility. When, for example, the NPA adopts an "actualization rate" in assigning a value to a pluriannual variable, it is implicitly choosing between the interest of the present generation and that of future generations. "Discounting the future" -which is inseparable from different calculations, which also serve as the base for regional cooperation decisions, poses a problem of social ethics for which there is no easy solution. Although it may be presented as a procedure of a merely technical nature, its significance is more transcendental and should be taken into account in any decision that may produce non-marginal impacts on long-term development.

53. Management, planning and value assigned to the public function. Finally, as has been elsewhere, it is difficult for central governments to maximize the utilization of the numerous bi or multi-lateral cooperation opportunities that are possible in the Region. Because of this, both in public policy management and in their long-term programming, the NPAs may contribute to the viability of increased decentralization in government activities. To do this, the NPA requires the regular articulation with the specialized bodies of public administration. Additionally, it stands to reason to reaffirm that regional cooperation and integration will make little progress if their main support is a weakly structured public apparatus, whose bureaucrats lack motivation and are insufficiently prepared to deal with the multiple and complex problems of present development. Very particularly, NPAs **-whose responsibilities have long-term projections and, consequently, demand their permanent "institutional construction"- should not be excluded from the most highly valued public functions.** The crisis and the prevailing adjustment policies have left a sorry mark -may be difficult to correct- in terms of anaemic state apparatuses with underpaid staff whose job security is by no means guaranteed. This fact does not contribute to strengthen regional cooperation and integration even when they are presented as the components of a strategy conducive to more and better development.

A N N E X E S

THE REGIONAL FRAMEWORK OF INTEGRATION AND CO-OPERATION

54. For more than a quarter of a century the countries of Latin America and the Caribbean have put into practice **various processes of economic integration and co-operation, with differing achievements.** The progress made in reciprocal trade and in the study and management of regional interrelations is fully recognized. It is also noteworthy that at the beginning of the 1960s some countries of the region introduced export promotion especially in respect of manufactures to support the development of non-traditional exports. Nonetheless, there is general agreement that these processes in the latter years - particularly during the recent crisis of indebtedness- have not played a dynamic role in the promotion of regional development. Intra-regional trade itself continues to decline and is becoming a limited factor of support for economic revival.³⁹ There can be no doubt that domestic policies of adjustment and foreign debt renegotiation "case by case" have also had an adverse effect on the revaluation of the regional market.⁴⁰

³⁹ It now represents around 14% of the total trade, having started at slightly under 9% in 1960, reaching almost 17% in 1981.

⁴⁰ The reasons that would account for the depletion or certain insufficiencies of the mechanisms of regional integration and co-operation are very varied, and include the geographical obstacles to greater trade; disparities in the distribution of the costs and benefits of co-operation among countries; excess of confidence in the mechanisms of tariff relief; weakening of the industrialization policies (in some cases associated with external openness) and even interruptions in the "political will" to integrate.

A. Bases, Mechanisms and Instruments

55. In the original ideas on the integration process, towards the end of the 1950s, **market mechanisms and instruments co-exist with those of planning**, in general contemplated within a framework of industrialization. This process, however, in practice largely applied through LAFTA, concentrated primarily on the instrumental aspects of trade (tariff relief, list of products), thus leaning more on automatic market mechanisms than on policies, expressly concerned with regulations. The Andean Group, on the other hand, placed more emphasis on the instruments of industrial programming and on an effort to harmonize economic policies at the subregional level particularly in respect of foreign capital. Both schemes were initially successful but later ran into increasing difficulties.⁴¹ They can be used to illustrate differences of emphasis in market mechanisms or in planning or concerted programming mechanisms as described below.

⁴¹ As is well known, the integration schemes tried out in the region share the idea that the liberation of trade and the setting up of an integrated market have positive effects on intra-regional trade: the "reduction of barriers" affects relative prices from the moment when a "margin of preference" established in favour of regional trade, as against trade carried on with third parties. To some extent a subsidy is granted to the regional exporter, which falls on the importing country. Basically, the advantages associated with the formation of an "expanded market" are the possibilities of attracting private sector decisions towards regional trade, increasing the levels of efficiency by exploiting economies of scale. This would raise the general competitiveness of regional exports of manufactures.

56. There is agreement as to the numerous **benefits deriving from an increase in regional trade**, including economies of scale, interindustrial specialization, saving of foreign exchange, a more stable insertion in the international economy, higher levels of investment and the possibility of some structural change in the economies. At all events great importance is given to the problem of equity in the distribution of benefits and costs among the countries since any likelihood possible of inequality undermines the process of integration because it is difficult to create adequate compensation and co-operation mechanisms which will be unanimously accepted.

57. Now, although the enlargement of the regional market caused by the **integration mechanisms contributed to a certain growth and diversification of the industrial output of the region, the remaining productive sectors found themselves less benefited**, particularly agriculture, mining and services. Hence the region's experiment in integration and co-operation, now in its third decade, has produced results which, as regards the markets, are far from uniform from a sectoral standpoint.

58. The case of the Andean Pact ⁴² poses, in addition, the need for **national programming as a complement to the market mechanisms**. Naturally tariff relief is also taken into account, but in the framework of a programmed liberalization of reciprocal trade among the member countries, and the gradual application of a common external tariff. Outstanding in this case is the effort to promote and rationalize industrial activities in a regional framework, taking also into account criteria of equity in the distribution of the benefits of the integrating process.

B. Challenges for Planning in Integration

59. According to these experiences **the constraints on effective joint programming** include the following:

- a) difficulties in defining technical criteria in allocating industrial production among countries with differing production structures;
- b) weaknesses in national sectoral policies (especially, in respect of a regional concept of industrial policies or plans), which did not favour entrepreneurial decision-taking aimed at reinforcing co-operation.

⁴² As is generally known, from the programming point of view two basic instruments were adopted in this case: one, in the field of investment decisions at the regional level (known as "Sectoral Industrial Development Programmes") and, two, in the field of the harmonization of economic policies for dealing with foreign capital (known as "Decision 24")

- c) inestability in economic policies (above all in industrial policies), causing changes in national investment priorities and affecting decisions on projects of regional scope;
- d) frequent lack of co-ordination in improvements of physical infrastructure and services essential to integration and in the corresponding projects on production of regional scope.

60. Again, there are obvious difficulties **stemming from the changes in the international economy** and in its agents, whose behaviour frequently has a decisive effect on the success of the integration programme.⁴³ Within the region, the relative autonomy of transnational corporations effected the integration process, by absorbing the incentives created and hindering integration in some other areas of the different regional economies.⁴⁴

61. In this same order of ideas **other efforts at integration** should be considered. In the Central American Isthmus progress was also made towards the constitution of an enlarged market; since 1963 there has been freedom of trade and a common external tariff. Subregional trade displayed a systematic dynamism and performed a cushioning role in face of the imbalance

⁴³ In this respect mention may be made of the advance of Japan and Southeast Asia, which notably increased their share in the region's trade, thanks to their greater competitiveness compared with the traditional suppliers and the Latin American countries themselves. There was also the effect of the striking development of international private credit, which gave an additional advantage to extra-regional trade.

⁴⁴ This autonomous behaviour hampered, for instance, the attempt of the Andean Group to sustain a common policy towards foreign investment ("Decision 24").

of the external sector. In this case some investments were role in subregional exports, thus favouring the incipient industrialization of the area. The overall system of fiscal incentives was fully exploited by the private sector and, besides, the Central American Bank for Economic Integration played a predominant role in financing integration programmes and projects.⁴⁵

62. Moreover, noteworthy progress was made in the **intensification of intra-regional trade in the Caribbean Community**, reflected in the doubling of the coefficient "intra-regional exports/total exports" between 1970 and 1982. Nonetheless it is well-known that, despite the numerous initiatives made to reverse the recent negative trends, this subregional trade declined after 1982, while at the same time difficulties were being experienced in the functioning of the Caribbean Multilateral Clearing House. ⁴⁶

⁴⁵ Contrary to other experiences, in this case important advances were achieved in agriculture; in particular, the Central American programmes on basic grains played a major part in helping to solve various problems of lack of supply.

⁴⁶ Despite the foregoing, co-operation between integration and planning has developed fairly continuously in three sectors: industry, energy and food. [See the Industrial Programming Plan (Art. 46 of the Annex to the Treaty of Chaguaramas), the Regional Energy Action Plan (1983) and the Protocol of Agricultural Commercialization - PCA. The Project on Regional Food and Nutrition Strategy - revived in October 1985 -, was aimed at augmenting the proportion of food produced in the area and increasing food availability].

63. Mention should also be made of the co-operation activities carried out under the auspices of the **Caribbean Development and Co-operation Committee (CDCC)** in respect of research, training, and exchange of experiences in social and economic planning. The secretariat of the CDCC has repeatedly at several meetings affirmed its support for the ad hoc working groups of planners in agriculture, energy, labour, transport and in physical and regional planning.

64. To sum up, despite the progress observed, the different integration experiences presented at least four main problems: one, the distribution of the costs and benefits of integration and a lack of the proper equilibrium trade; two, the disarticulation between the integration process and the national development policies and plans; three, the failure to synchronize the integration efforts of the different participating countries, and four, changes in the international context and in the behaviour of external agents, which are not always adequately interpreted and assimilated by the integration policies.

*) For example, from 1975 onwards new and important
 or bodies such as MULTIFERT, OLIMPICA, UNICAR, UNICAR
 Economic Reporting Countries (ERC) and the Caribbean International Shipping
 Corporation, and various mechanisms of entrepreneurial association are
 created (such as IASA in iron and steel, AISA in industry, ALICA in the
 food industry, ANTEL in petroleum, CEX in electrical integration, ALIA in
 railways, ALIAC in transport, ALAMAR in ship-building, ALASA in
 agricultural security and ALIN and ALIAR in the field of financial
 institutions). Bodies in the area of technology include the Latin American
 Network of Technological Information (NETI), the Andean Technological
 Information System (ATIS) and the Andean Technological Development Project
 (ADOT). It is outside the scope of this paper to assess the achievements
 and limitations of this complex network of co-operation that has been
 created (see in this regard ECLA, International Economic Relations and
 Regional Co-operation in Latin America and the Caribbean, serie Estudios e
 Informes de la CEPAL, No. 61, Santiago Chile, 1987).

C. Towards a More Flexible Co-operation

65. In response to the deficiencies in the integration mechanisms **attempts were made to reduce the level of mutual commitments** required. The conversion of LAFTA into ALADI, for example, introduces a more pragmatic system which proposes to set up an area of preferences (without compulsory commitments on opening up to regional trade) and clears the way for bilateral negotiations. Furthermore, the need to maintain a regional framework for liaison and co-ordination before third parties and to reinforce intra-regional co-operation in specific fields is formalized with the constitution of SELA and the gradual development of a large network of co-operation among agencies, both public and private, which support co-operation agreements and measures that go beyond the mere expansion of trade. ⁴⁷

⁴⁷ For example, from 1975 onwards new and important co-operation committees or bodies arise (such as MULTIFERT, OLDEPESCA, OLADE, GEPLACEA, Union of Banana Exporting Countries (UBEC) and the Caribbean Multinational Shipping Corporation, and various mechanisms of entrepreneurial association are created (such as ILAFA in iron and steel, AILA in industry, ALICA in the food industry, ARPEL in petroleum, CIER in electrical integration, ALALF in railways, ALATAC in transport, ALAMAR in ship-building, ALASA in agricultural security and ALIDE and FELABAN in the field of financial institutions). Bodies in the area of technology include the Latin American Network of Technological Information (RITLA), the Andean Technological Information System (SAIT) and the Andean Technological Development Projects (PADT). It is outside the scope of this paper to assess the achievements and limitations of this complex network of co-operation that has been created (see in this regard ECLAC, International Economic Relations and Regional Co-operation in Latin America and the Caribbean, serie Estudios e Informes de la CEPAL, No. 63, Santiago Chile, 1987.

66. In this respect **the recent history of regional co-operation is marked on the one hand, by a certain spontaneity and on the other, by the dynamics of the sectorial groups and entities themselves.** Thus for example in the case of the Action Committees of SELA there is a more integrated approach to the problems of Latin American development. This is a sphere of regional co-operation which provides ample scope for potential - and mutually beneficial - rapprochement between the National Planning Bodies and the entities and programmes of regional integration and co-operation.

67. With the economies of the region faced with a crucial problem of the saving of foreign exchange and greater utilization of the installed capacity and surplus labour which they possess, **intra-regional integration and trade might in the present situation assume a still greater importance** than in the past. In effect, "in the short term, integration offers one of the few ways of shortening the path leading out of the economic crisis and reducing the cost of readjustment by facilitating fuller use of existing productive capacity and diminishing the use of scarce foreign exchange to finance imports from third countries. The governments of the region now seem to be keenly aware of the desirability of furthering these processes. (...) An event worthy of attention is the trend which has developed in recent years towards a more personal type of contact at various levels (including the Presidential level), which has made a considerable contribution to recent

co-operation efforts. In addition, a number of innovative steps have been taken, such as for example the bilateral agreements between Uruguay and Argentina, Brazil and Mexico, on the one hand, and between Argentina and Brazil on the other, all of which have come about in recent months. (...) The secretariats of the subregional integration schemes, too, are zealously seeking means of giving a new thrust to integration. Thus within the context of ALADI, the regional round of negotiations has begun; the countries of the Andean Group are pursuing a strategy to re-orient their integration process, the Heads of State of the CARICOM countries have recently agreed to intensify reciprocal trade, while in Central America work continues on the "restructuring" of the Common Market". 48

68. Within the new **perspectives that are opening for co-operation and integration, the most evident objectives are:**

- a) to halt the external vulnerability that is hampering revival and to strengthen regional co-operation, but at the same time to maintain and expand regional exports to third countries;
- b) on the supply side, to articulate decisions on investment and technological transfer, both national and regional, that will facilitate the adjustments of the production structure to the new conditions of regional and international demand;
- c) in connection with the foregoing, to reformulate the concept of integration to include different forms of regional co-operation which will generate increasing and mutually beneficial structural interdependencies; and

48 ECLAC, Latin American and Caribbean Development: obstacles, requirements and options, LC/G.1440 (Conf. 79/3), Santiago, Chile, 25 November 1986.

- d) to strengthen regional bargaining power in order to carry out, in an international economy consisting of large blocks, joint measures to fortify the regional economy in the financial, monetary, productive and technological spheres.

69. In the face of the challenges indicated above, a central problem is **how to exploit the potentialities of regional co-operations when the external crisis reduces the freedom of governments to formulate national development policies.** The risk remains of a repetition of the inadequacies of the past and a certain maladjustment of the integration efforts when confronted with the regional and international reality.⁴⁹ The new approach required by the present situation must be more selective and flexible and less comprehensive, and economic agents must participate in it more fully. In this perspective the NPBs can play an irreplaceable role in the conception of alternative economic policies which take the new requisits of regional co-operation into account.

⁴⁹ The instruments already used will probably continue in force, such as tariff preferences, preferential agreements for the regional purchases of goods and services by public enterprises, reciprocal payment and credit systems, complementation agreements or conventions on the establishment of joint enterprises, etc.

CO-OPERATION IN THE TERRITORIAL SPHERE

70. Regional co-operation often requires the articulation and development of an adequate physical integration between the different countries as a prerequisite or a parallel process. In this sense, **physical integration is the instrumental means to achieve economic integration, but it is also an end in itself**, which permits the shared utilization of common interest areas, for which two or more countries initiate concerted action for the organization of space.⁵⁰ The presence of the international technical and financial co-operation agencies in these areas has been active and has become, in many countries, an important support to the work carried out by the NPAs.⁵¹

⁵⁰ The concept of "physical integration" embraces the integration of the transport and communications systems and also the integrated management of common interest areas, both for the shared utilization of resources, (programmes for multi-national basins for hydraulic, energy-related, navigation or exploitation of resources purposes) and for the complementation of regional development (programmes for the integration of borderline territories).

⁵¹ We remind the reader that Latin America has some of the most important hydrographic basins in the world (such as those of the Amazone, Orinoco and River Plate, Titicaca Lake and the Gulf of Fonseca). The OAS, IDB and INTAL have taken a decisive part in some studies and projects concerning those basins. Similarly, some studies and projects for funding the integration of transport and communications systems have been respectively supported by ECLAC (Transport Division), IDB and BIRF. CAF is one of the four institutions that conform the CAF/JUNAC/IDB/BIRF group, which are studying the transport projects for integration within the Cartagena Agreement.

71. The present chapter **centres on co-operation and planning for the development of frontier regions.** This is an issue on which ILPES can contribute with new perspectives, mainly with respect to its links with regional development (sub-national), which is a topic that the Institute has been researching in the last years.
72. In Latin America and the Caribbean, **the issue of frontiers has acquired an important dimension.** If we include the Mexico-United States border, there are 71 "borderline positions" between the 22 countries considered.⁵² Such regions undergo serious problems of integration due to the fact that political frontiers generally represent a barrier to the rational economic organization of potentially complementary areas and also to the fact that both the public sector and the private sector tend to avoid investing in areas where conflicts may emerge.⁵³

⁵² Of the 37 countries of the Region (which are members of ILPES) we have excluded the island-countries and the 4 associated States. As is known, from a merely geographical viewpoint the term "frontier area" refers to a locational situation produced by two countries being adjacent from an economic and social viewpoint the concept ("fronter region") refers, as pointed out by Perroux, to "particular forms of relationship and overlapping of two (or more) economic systems (or styles) and of two (or more) different economic policy models".

⁵³ These aspects have aroused the interest of specialist in Localization Theory, Poles of Growth Theory and Regional Development Policies. ILPES has produced several studies on these topics. With respect to international flow of goods and the issue of frontiers, as early as 1981 it was pointed out that "the existence of tariff barriers, restrictions to trade, political frontiers, etc., have acted against the trend towards international agglutination which, in an ideal case, would take place in a space unaffected by the distorting presence of frontiers". (See: MELCHIOR, Enrique, Fronteras internacionales y espacios económicos, ILPES, Document CPRD-C/33, Santiago, Chile, 1981).

73. From the viewpoint of the present document, a frontier situations becomes a specific "problem" of public policy when the distribution of the costs and benefits of the country's integration and of the effect of the national policies involved is considered to be inequitable. Under diverse circumstances **frontier development can be considered to be a typical problem of regional development at a subnational level** ⁵⁴ and, therefore, closely related to the work of the NPAs.

74. No doubt the frontier development policy has incorporated some topics which are characteristic of regional planning, particularly, how resources are to be allocated to different regions and how to "manage" the regional impact of global public policies, be they economic or social. Similarly, the frontier problems must also be explicitly associated with the territorial

⁵⁴ This has been an approach frequently used in the technical formulations of ILPES (and more recently adopted in its projects on frontier development plans) and of ECLAC. The approach emphasizes what "the Region can do by itself, for example, vis-a-vis its capacity to utilize its own environment, create resources and learn to exploit them according to its specific capability and other forces present in the inhabitants of the Region themselves, such as their integrative will and experience (CEPAL: Informe del seminario sobre integración y desarrollo regional en la Patagonia Argentino-Chilena, Doc. LC/G.1390, Santiago, Chile, 1985).

decentralization prospects in the countries involved. We shall present below some **cases that illustrate the different ways of dealing with the frontier issue observed** in Latin America and the Caribbean.

75. Before doing so, it is necessary to make two remarks. **First**, that one country's effort to solve or handle its frontier problems does not always find a suitable counterpart in the neighbouring country; next to concerted action between countries, there have been cases of one country's "reaction function" in relation to the frontier programmes of another country. **Second**, that there have been in the Region: i) few examples of frontier problems which, because of their importance, have been treated as issues of a national dimension; ii) only a few cases of integral treatment within a national development policy and iii) the prevalence of "ad-hoc" deals.⁵⁵

76. In **Colombia** the Plan for the Integral Development of Frontier Regions aims at integrating the frontiers of regional and national development, thus improving the conditions and standard of living of the population.⁵⁶ The

⁵⁵ It would certainly be beyond the scope of this document to present the complete picture of the situations observed or to attempt their evaluation. The examples presented help to illustrate the potential significance that frontier policies may attain within a framework of regional co-operation and integration.

⁵⁶ The Government Decree (Nº 3448/1983) known as the "Frontiers Statute" established (Article V) the obligation of the National Planning Office to prepare an Integral Plan for the Development of Frontiers. The following are identified as "frontier regions": the Departamento Norte de Santander-Cúcuta, César, Nariño-Ipiales, Maicao, Arauca, Casanare, Guajira, Alto Putumayo, Urubá, Chocó, Amazonía, Orinoquía and the isle of San Andrés.

the Frontier Area; agreement to facilitate the movements of people; the Kasani frontier complex, etc. A possible Andean Plan for Joint Action has also been envisaged to facilitate traffic from Bolivia to ports in Peru (Decision 185 of JUNAC).⁵⁸

79. Although not strictly within the Latin American context, the **frontier between Mexico and the United States**, probably represents the most complex case of all the "borderline situations". It is one of the longest and, on either side, rapidly expanding urban centres with strongly symbiotic relationships have developed. On the Mexican side and with official support a vast industrial structure (inbond assembly industries) of important economic and social effects has been developed.⁵⁹ From the viewpoint of concerted development the Water and International Boundaries Commission should be mentioned as an attempt on the part of the governments of both countries to tackle the frontier problems in these areas in a joint way.

⁵⁸ In the sphere of agencies created to deal with frontier issues in particular there are two bi-national commissions: COMICOORD, The Permanent Peruvian-Bolivian Co-ordination Commission created in February 1971 and COMIDALI, for the Joint Development of the Altiplano, created in September 1974.

⁵⁹ Only between 1966 and 1976 the number of inbond assembly industries in the frontier rose from 25 to 448, with a strong concentration on machinery, appliances, and electric and electronic components and gadgets, all of which had a significant effect on employment.

80. As for the **Argentine-Uruguayan frontier**, an important bi-national initiative has been the hydro-electric plan of Salto Grande. The Development Plan for the sphere of influences of the dam -considering that both sides are little related with each other-has envisaged carrying out investments in the industrial areas (iron and urea), optimizing the exploitation of natural resources and jointly regulating their exploitation.

81. In the case of the **Brazilian-Paraguayan frontier**, it is possible to observe a greater integration and, to a large extent, a case of shared development. A recent study by INTAL ⁶⁰ points out that in the last quarter of the century the expansion of the agricultural frontier and the construction of Itaipú originated a very considerable economic transformation in the zone, which has given it a certain degree of homogeneity for the purposes of studies and joint policies. The construction sector experienced the most important growth, but there also appeared other associated industries and, at the same time, other socio-economic inter-relationships that represent considerable changes in the productive structure of the region were generated.

⁶⁰ See Bolognesi-Drosdoff, M.C. (1986) "Análisis y clasificación tipológica de casos de integración fronteriza", in Integración Latinoamericana, Year II, Nº 118, November 1986, INTAL, Buenos Aires. The conclusion of the Itaipú works (1983) brought about some recession in that area: the employment level, which had remained unchanged thanks to the building of the dam, was considerably reduced, a fact which coincided with the present crisis.

82. These **few examples serve to give an idea of the potential for intra-regional co-operative development that the frontier regions represent** and of its geographic, demographic and economic significance. The co-operation and/or frontier integration actions forming part of the bi or multi-lateral, negotiation agenda may benefit from specific support by the NPAs, acting in a co-ordinated way with the sectoral ministries and the respective Ministries of Foreign Affairs. The definition of institutional structures to handle frontier issues, the conception and implementation of mechanisms for the promotion of development in these areas, the flexibilization of economico-financial inter-relations between both sides of each borderline (including foreign exchange, traffic registers and other relations) and the implementation of bi or multi-lateral enterprises are all of them issues in which the NPAs have their own space to stimulate new co-operation modalities.

83. To sum up, the territorial politico-administrative decentralization, the co-ordination of macro-economic policies, the creation of bi-national entities, public and private accord, the formulation of integrated strategies and plans for frontier development and the promotion of the political will make positive use of frontier contact and interaction seem to define an important field of action and co-operation between NPAs. It is undeniable that the existing limitations to this type of co-operation should be acknowledged and

overcome. This assumes **long process to restore mutual trust and to structure programmes based on the principles of reciprocity, compatibility and participation.** Such task would be made much lighter by means of the multiplication of international agreements intensifying economic co-operation and the physical integration of the countries of Latin America and the Caribbean.

Annex III

HORIZONTAL CO-OPERATION VIS-A-VIS THE ENVIRONMENT

84. The natural and the constructed environment constitute, as is well known, the vital assets of society. However, this patrimony is being used without considering in an integral way the need to preserve it. This fact has affected the development process in a negative way, since it has produced a deterioration in the quality of life of the population of today and, what is more serious, by endangering future generations. Therefore, the implementation of concrete modalities is required for a suitable management of the environment to permit to direct the flows that modify it in a qualitative and quantitative way. In other words, safeguarding the environmental base requires harmonizing short-term decisions and medium and long-term objectives in accordance with each country's development project.⁶¹

85. The following is a list of environmental issues which suggest possible regional co-operation activities:

⁶¹ This Annex was prepared by the Joint ECLAC/UNEP Development and Environment Unit, which has worked in close collaboration with ILPES. In fact, the preservation of degrees of freedom to formulate the national environment policy is the basis on which progress could be made in the discussion of possible co-operation agreements.

- a) The Environmental Dimension in regional development strategies. Within this area, we can point out improvement in:
- information systems and patrimonial accounts to facilitate making decisions on resources and environment management;
 - methodologies and practical guidelines to implement environmental impact studies and cost-benefit analyses of environmental effects (large industrial and infrastructure projects); and
 - training of professionals in applying methods that facilitate the incorporation of the environmental issue to public policies.
- b) Restoring the value of the environmental patrimony. The scientific and technological advances (bio-technology, genetic engineering, alternative sources of energy and others) offer countless new possibilities to restore the value of resources, which should be studied in a systematic way with a view to rationalizing their use and identifying potential exploitation.
- c) Shared management of ecosystems. It is also necessary to have a better knowledge of the natural systems prevailing in the Region, both with respect to those that are common to several countries and those that are divided by geo-political frontiers. Cooperation in this field is indispensable to generate data and to organize the information required by the associated or joint operative management schemes for these ecosystems.
- d) Metropolization and urban environment. The growth of the Latin American cities has posed new challenges for the authorities with respect to supply and conservation of the urban infrastructure, control of air and water pollution, disposal and utilization of solid waste matter, management of urban congestion, etc. There have been some interesting national experiences in connection with these issues, which may be shared among the countries of the Region.
- e) Institutional and legal schemes. The legal and institutional framework of the Region presents experiences which may also facilitate activities, particularly in countries where these are just beginning.

86. Horizontal co-operation between different institutions in the Region has proved to be a fruitful working modality to tackle such activities as mentioned above. This co-operation may materialize through the discussion of the approaches and methodologies applied, the exchange of experiences, the development of reciprocal technical assistance schemes and the joint undertaking of actions in frontier areas.

... besides the main institutional instruments of ALADI, the Caribbean Agreement, MOCA or CARICOM, there have been agreements directed to strengthen co-operation in specific sectors. Among the key bodies of the Caribbean Community are the Permanent Committee of Education and Labour Ministers and the Committee of Health Ministers. Within the framework of HELLA, as is known, the Action Committee are concerned with the social aspects, particularly in the case of CANECA (Committee for the Support of Economic and Social Development in Central America), which promotes actions oriented to social and economic development.

51 The Cartagena Agreement is, in this sense, the most institutionalized system by means of the following agreements: "Bridges Bridges" (1970) on socio-labor topics of Andean Integration; "Andes Kallpa" signed in 1980 and oriented to integration in the fields of education, science and culture (which influenced the creation of the Instituto Interamericano de Integración del Instituto Andino de Artes Populares and the Escuela Superior de Artes Populares, (1971) for the promotion of co-operation in health and, finally, the Consejo Consultivo Interamericano and the Consejo Laboral Andino (both created in 1981).

CO-OPERATION IN THE SOCIAL SPHERE

87. Within the complex institutional network of regional co-operation and integration, **the social issue has received relatively less attention, although it is necessary to mention some important initiatives** in this connection. Thus, besides the basic institutional instruments of ALADI, the Cartagena Agreement, MCCA or CARICOM, there have been agreements directed to strengthen co-operation in specific sectors.⁶² Among the key bodies of the Caribbean Community are the Permanent Committees of Education and Labour Ministers and the Conference of Health Ministers. Within the framework of SELA, as is known, the Action Committees are concerned with the social aspects, particularly in the case of CADESCA (Committee for the Support of Economic and Social Development in Central America), which promotes actions orientated to social and economic development.

⁶² The Cartagena Agreement is, in this sense, the most institutionalized system by means of the following agreements: "**Simón Rodríguez** (1976) on socio-labour topics of Andean Integration ; "**Andrés Bello**" signed in 1980 and orientated to integration in the fields of education, science and culture (which influenced the creation of the Instituto Internacional de Integración del Instituto Andino de Artes Populares and the Escuela Empresarial Andina); "**Hipólito Unanue**", (1971) for the promotion of co-operation in health; and, finally the **Consejo Consultivo Empresarial Andino** and the **Consejo Laboral Andino** (both created in 1983).

88. The governmental impulse to integration has produced **an increase in the exchange and mutual interaction between the national societies in the Region.** However, these inter-linkages are still restricted and little systematic. Thus, there have been bi-lateral co-operation efforts in the social sphere, both official and originating in private bodies and centres in different countries which have also strengthened the integration and co-operation effort in one way or another. At the same time, closer links have been established between academic centres, professional associations, trades union and entrepreneurial associations and a most varied range of voluntary organizations for specific development and co-operation purposes.⁶³

89. The scant development of the institutional mechanisms related to the social aspects of regional integration and co-operation contrasts with the type and volume of the social actors or the social policy referents existing in the Region. **The role of the NPAs acquires in this context an important dimension in two complementary senses: firstly,** as an entity agglutinating scattered social initiatives, and, **secondly,** as a body that may act as a potential catalyst for the governmental efforts to design and carry out social policies and programmes which may be more consistent with the social heterogeneity of the countries of the Region and with the situation of crisis affecting them.

⁶³ In the same connection, it is necessary to point out that technical progress in mass media, particularly in the field of television, opens new possibilities to improve the cultural process of mutual knowledge among the national societies of the Region.

90. In order to increase the present performance of the NPAs in the promotion of regional integration and co-operation processes in the social field there are several possible courses of action. In terms of the immediate future, the suggestion is to **give priority to an improved knowledge of the impact of public policies on the majority social sectors and also of the organization modalities which are typical of them.** This suggestion is founded on two reasons: the **first** one is that the structural obstacles to carry out integration processes in Latin America and the Caribbean lie in the social heterogeneity of the continent, an issue which has so far been insufficiently dealt with within the specific framework of regional integration. The **second** one is that the crisis has had a severe impact on vast sectors of the population - thus making their urgent needs more visible-and has induced a series of still incipient new social processes that require governmental support.⁶⁴

91. In several countries of the Region some forms of organization of the popular sectors and signs of a "parallel" economy have emerged, whose volume, nature and potential are little known and have been even less sufficiently evaluated by a comparative national social policy. However, they have

⁶⁴ The priority given to this issue does not exclude other important co-operation options in social matters. Thus, for example, the relation between migration -whose magnitude is related to the "tolerance margin" of the receiving countries- and labour market needs to be specifically considered within the framework of regional co-operation and integration. The main aim here is to emphasize how much improved the social policies of the Region may become if they have the benefit of novel experiences both in terms of new social organization modalities and new instruments orientated to favour the more marginal strata of the population.

become of strategic importance in that it seems undeniable that the magnitude of marginality and of social exclusion up to the present, cannot be reduced in the very short term by immediate changes in the development styles, since these changes only produce slower cumulative efforts.

Although there may have been national advances in terms of these changes, it is also true that at the prevailing levels in the capital/employment ratio, **the Region is incapable of carrying out a (public plus private) investment effort to permit the "incorporation" of the people excluded** during the crisis of the 80s.

92. These experiences ought to be emphasized both because of their innovatory nature and because of **their potential importance for new formulations of the social problem of the Region.** The survival strategies have linked the subjects with the different areas of popular production and consumption and their analysis has permitted to identify the design, generation and dissemination of socially suitable technologies (i.e., simplified, non-capital-intensive and undemanding vis-a-vis qualified human resources). Moreover, the marginal economy presents enterprenurial modalities for the production and distribution of goods and services, including original forms of association with the consumers.

93. It is from this viewpoint that **we insist -within a framework of intra-regional co-operation- on reinforcing the dialogue, the exchange of experiences in and comparative analysis** of these new social organization modalities observed in Latin America and the Caribbean. No doubt some of

them may have been inspired or promoted by a government or private sector initiative, but many of them have been the result of spontaneous social interaction. Some new fields of work have been opened.

- a) Popular economic organizations: There is a need to identify the productive-type organizations and get to know their position within the economic process (production, saving, consumption and other organizations), understand their structure and their social metabolism. This includes finding out which are the prevailing modalities in the marginal popular economy: traditional co-operatives, self-managed enterprises, micro-enterprises, etc. Also it is necessary to get information on the coverage of the informal economy, the network that interlinks its units, the way in which it is connected with the modern sector of the economy and the support systems that it counts on. This knowledge is indispensable to collaborate in a positive way in the different dimensions of the running of these organizations (financing, training, supply of inputs in kind, etc.) and to estimate their elasticity to co-exist formally with the regular (public or private) organizations on the fringes of which they have frequently flourished.

- b) Survival strategies and their respective technologies: This heading includes reviewing experience, that is to say, the updated appraisal of the main survival strategies identified in the Region and the analysis of their capacity to multiply and become stronger. With scientific rigour it is often possible to confirm the existence of one-off strategies, due to the fact that they occur in a unique context where factors that have to do with local ethnic characteristics, cultural anthropology or political history produce social interactions which are almost irreproducible under other circumstance. Even in such cases there are some aspects of these experiences that may be the object of "learning transfers" that would benefit countries with similar basic problems. Such has been the case of many of the "technologies" involved in new social organization processes.⁶⁵ It is necessary,

⁶⁵ The word "technologies" has been used here in its broad sense since, as has been pointed out, in any type of production of goods and services, from the most material to the most spiritual, a combination of physical techniques and social organization is always necessary. Therefore technology is an element that cannot be dissociated from the socio-economic structures within which it is inserted". Baqueano, Manuel, "Las tecnologías socialmente apropiadas y su contribución al diseño implementación de políticas sociales" in **Del macetero al potrero. El aporte de la sociedad civil a las políticas sociales**. UNICEF and Centre for Social Policy and Planning in Developing Countries, University of Columbia, Santiago, Chile, 1986, p.135.

however to differentiate between the "technologies" for the solution of urban social problems and those adopted in rural areas, acknowledging the fact that the latter are older and form a broader and more systematized set of instruments.

c) Other exchanges of information: The compilation and evaluation of regional information could include, among others, the following:

- **Identification of the nature of the social organizations:** An initial task would be the identification of particular organizations, their communication network and, mainly determining the characteristic (s) of the activities inherent to them.⁶⁶

- **Links with governmental services:** as is known, the activity of the social organizations may be autonomous or complementary to the supply of governmental services; most of the cultural organizations correspond to the former type. In turn, the social organizations that complement or substitute governmental action respond, as a rule, to more specific sectoral needs (health, education, housing, etc.) and, therefore, are often inserted within a given phase of the State policy. (For example, community funding of extra-curricular programmes, community financing and administration of out-patients clinics, housing co-operatives, etc.)

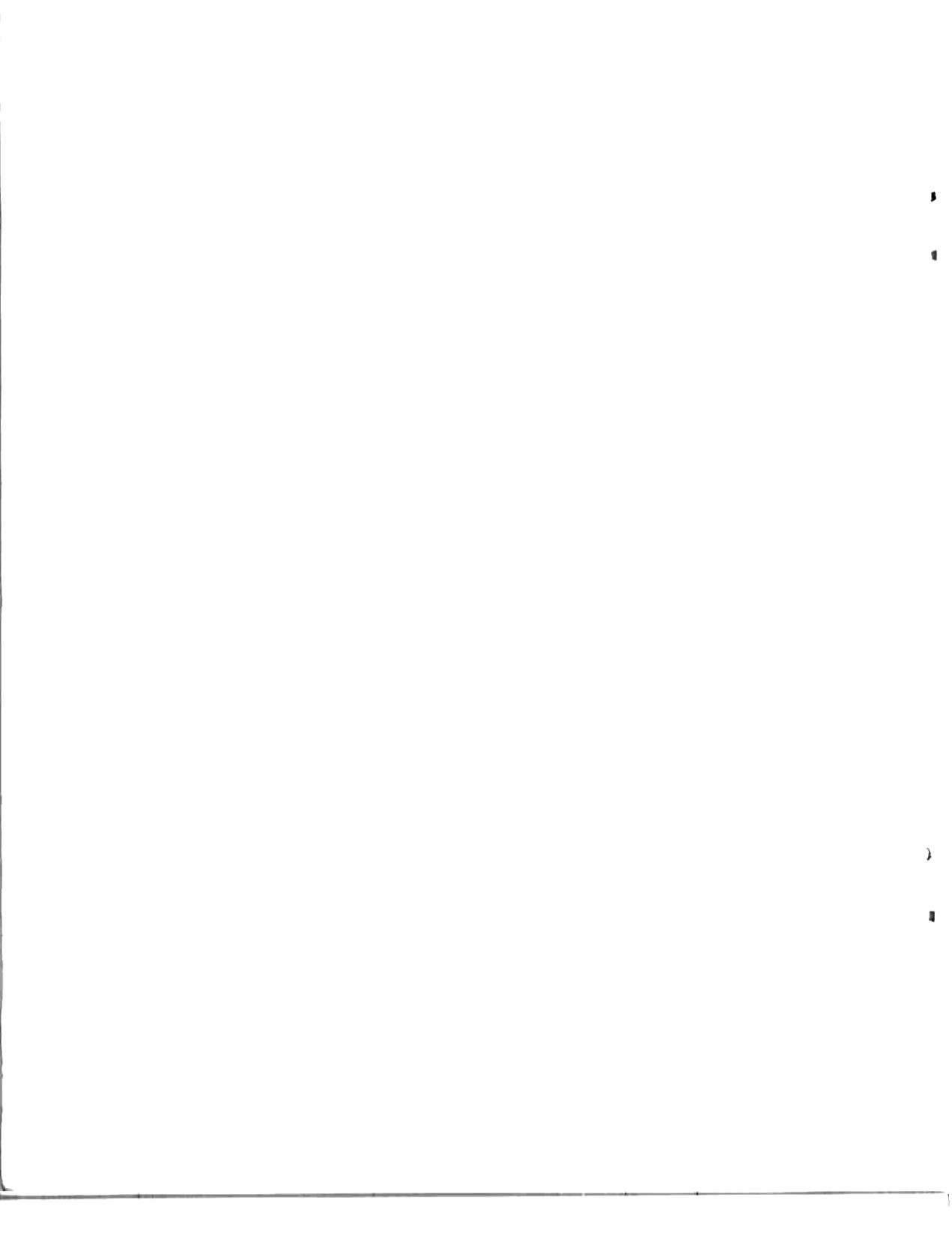
- **Operation modalities:** Finally, it would be useful to know the support systems for social organizations. In an intuitive way, it is often stated that their degree of success lies in the quality of these support systems. The naked truth is that there is no bank of experiences to correlate in a more rigorous way the performance of the organizations and the support received from the community and to perfect the exchange of experiences. This point calls for more systematic comparative research.

⁶⁶ It is frequent to detect organizations that have one single objective or one single main objective directed to meeting a given need of the population. However, cultural organizations in particular have multiple objectives and are active in very differentiated spheres of the social cultural life.

94. In addition to the analysis and exchange of experiences on emerging social organizations, **there is an important new field for inter-NPA co-operation in the design and execution of social policies**, with far-reaching implications for the majority sectors. It would appear to be extremely convenient to assign a specific role to confront the crisis to attention to social needs (nutrition, health, education, social security, housing, etc.), and also to give strategic sense to the regional exchange of experiences on new social programmes. As pointed out by ECLAC, the intrinsic sense of "outlining any regional strategy to vanquish poverty and attain social equity" implies giving consideration "at the same time to the structural factors behind the Region's development characteristics and to those short-run factors which, because of the external crisis, have rendered the previously existing social problems more acute, given poverty a new dimension and placed more obstacles in the path of social mobility." ⁶⁷

95. For the purposes of this document, **it is necessary to underscore the social fundamentals of an expansive adjustment**, as pointed out by ECLAC in the same report: "... the internal effort of economic recovery and development..." has to do with equity, understood both as widespread access to goods and services and as opening of spaces for the participation of the population in the aspects that influence their employment conditions."

⁶⁷ ECLAC, Development, change and equity: vanquishing poverty, Santiago de Chile, January 1987, LC/G. 1448 (Conf. 79/4) p.4.



97. To sum up, **there is plenty of room in the next years for the NPAs to make effective contributions to increase actions in the social field.** The creativity of some social and governmental responses to the crisis has been significant, but there is also a tendency to repeat actions and insist on errors because of the lack of a "regional memory" that permits to bank and decant such experiences. In particular a greater collaboration and cooperation between NPAs could become the decisive element for the construction of this regional memory.

96. An adequate **regional exchange on the different national approaches to social policies and programmes** could form part of the global strategy to overcome the crisis. Such regional exchange should refer at least to some of the following areas of social policy.

- a) Social financing and spending: It is necessary to have a better knowledge of the different types of financing that have been most commonly used in Latin America and the Caribbean in recent years and to assess their result in terms of re-distribution;
- b) Inter-relationships between social sectors: It is usual in the Region that the lower-income target-population is approached by means of different programmes that somehow other satisfy basic needs. However, the atomization of those programmes disperses their potential for help and produces a slight impact on the social dimensions aimed at. Comparative studies on the inter-relationships between the different social sectors and between the social and the economic increase the available information on which spheres may be put off and which should be given priority if policies are to be more effective;
- c) Implementation and Evaluation: It has also happened that programmes which have been well conceived in their design and formulation have failed at the implementation stage. A "memory" of what has become of similar projects at a regional level and including the assessments made and the difficulties encountered may contribute to improve many social policies at a national scale. The evaluation of social policies and projects is in particular need of methodological improvements and this would also benefit from an increased regional co-operation; and
- d) The social impact of the economic policy: As is known, attaining better levels of life is only partly related to social policies since the economic policy has also a crucial responsibility. In many cases the social policy is only a mitigating policy. For this same reason, an analysis on a regional scale of the social costs of similar economic policies may suggest alternative approaches to improve the conception and implementation of new measures.