

LATIN AMERICAN INSTITUTE FOR  
ECONOMIC AND SOCIAL PLANNING  
Ninth Session of the Governing Council  
Santiago, Chile, 23-24 February 1967

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SUMMARY RECORDS



LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING  
NINTH SESSION OF THE GOVERNING COUNCIL

Santiago, Chile, 23-24 February 1967

Summary Record of the First Session

23 February 1967 (morning)

Present:

Members of the Governing Council

Roque Carranza (Chairman)

Alberto Fuentes Mohr

Gustavo Guerrero

Sergio Molina

Alfonso Patiño

Manuel Balboa (representative of ECLA)

Felipe Herrera (representative of IDB)

René Montserrat (representative of OAS)

Institute Secretariat

Raúl Prebisch (Director-General)

Cristóbal Lara (Assistant Director-General)

Jorge Alcázar

Fernando Cardoso

Ricardo Cibotti

Francisco Giner de los Ríos

Norberto González

Benjamín Hopenhayn

Carlos Matus

José Medina Echavarría

Francis Shomaly

Héctor Soza

Oswaldo Sunkel

Inter-american Development Bank (IDB)

Cleantho de Paiva Leite

Alfredo Wolff



Mr. CARRANZA, Acting Chairman, opened the ninth session of the Governing Council of the Latin American Institute for Economic and Social Planning by welcoming the members of the Council and other participants. He read out a cable from Mr. Fláclido García Reynoso addressed to the Assistant Director-General of the Institute explaining that he was prevented by reasons of force majeure from being present, and another cable from Mr. Roberto Campos also regretting his inability to attend the session.

1. Provisional agenda

The CHAIRMAN submitted the following provisional agenda for consideration by the members of the Governing Council. It was forthwith adopted.

1. Consideration and adoption of the provisional agenda
2. Second phase of the Institute's activities
3. Report by Mr. Enrique Iglesias on the Mason, Iglesias, Messina Mission
4. Review of Institute activities in 1966
5. Work programme for 1967
6. Other business
7. Date and place of the tenth session

2. Second phase of the Institute's activities (agenda item 2)

Mr. LARA referred to the steps that were being taken in accordance with ECLA resolutions to ensure the continuity of the Institute's activities during the second stage of its work, which would begin in July 1967. The intensification of its activities had been unanimously recommended by the ECLA Committee of the Whole at its eleventh session in May 1966. The resolution adopted by the Commission on that occasion had served as a basis for the submission of the necessary request to the United Nations Special Fund and Inter-American Development Bank, which had once again given the Institute their wholehearted support. The project for the Institute's new period of activities had been sponsored by seventeen Latin American countries.

/The cost

The cost of the project, which would amount to 6.2 million dollars for a four-year period beginning on 1 July 1967, had already been approved by the Special Fund. It was roughly the same as the cost of the Institute's activities during the first stage, with a few additions to cover the inclusion of certain subjects such as demography, in which the Governing Council was specially interested. He stressed the importance of the co-operation between the Institute and other organizations which had enabled it to mobilize a large volume of resources on a relatively small budget and carry out certain tasks that would otherwise have been impossible for it. Under the terms of the new project, the Institute would be repaid in the future for the cost of services rendered, and thus have an additional source of funds on which to draw at later stages of its work.

He reiterated the Institute's gratitude for the unswerving support it had been given by the Inter-American Development Bank during its present phase of activities, and reported on the satisfactory arrangements that had been made with IDB for the second phase of activities. He referred in particular to the visit of the group of experts, Mr. Rochac, Mr. Messina and Mr. de Paiva Leite, nominated by the President of IDB, and the even more recent visit of Mr. Edward Mason, Mr. Enrique Iglesias and Mr. Milton Messina. Mr. Iglesias would make a statement to the Council on the second visit under agenda item 3.

Mr. HERRERA said that the question of IDB's contribution to the second phase of the Institute's work would be deferred until the Council had had an opportunity to hear Mr. Iglesias' report, when it could be discussed in more detail. For the time being, he would simply say that the senior officials of the Bank had decided to recommend to the Board of Directors that continued support be given to the Institute and that a substantial increase be made in absolute terms in IDB's contribution. The proposed addition was 1.4 million dollars. With that, IDB's contribution to the financing of the second stage would be proportionally the same as the first. The figures were working estimates, and the Board of Directors was not compelled to abide by them in making its final /decision. He

decision. He was confident, however, that any change made would be in the interests of the Institute since IDB's evaluation of the Institute's work for the purposes of deciding on its future contribution had been highly favourable and the Institute was generally considered to have been a bulwark for planning in Latin America. Some gaps undoubtedly still remained in its work, but they all concerned problems that could be dealt with at subsequent sessions.

The CHAIRMAN asked the participants if they had anything further to say on the subject.

Mr. HERRERA asked for information on the contributions of the Latin American governments.

Mr. LARA said that sixteen governments had supported the project and submitted it to the Special Fund. The funds pledged so far by ten out of the sixteen countries, totalled 352,000 dollars. He then named the sums promised by each of those countries.

After a brief exchange of views, the CHAIRMAN decided to postpone the discussion of agenda item 2 until Mr. Enrique Iglesias, who would be present at the afternoon meeting, had reported on his mission with Mr. Mason and Mr. Messina. He proposed that the meeting should consider agenda item 4.

### 3. Review of the Institute Activities in 1966

Mr. LARA said that the increasing concentration of work on the major issues for the progress of planning had had a tonic effect. In order to meet the needs deriving from the spread of planning throughout Latin America, the Institute had first had to do a great deal of groundwork involving a variety of tasks. It began by considering specific sectors such as health and education. Social changes had been studied in detail, and such diverse aspects as natural resources, the dovetailing of national plans with the economic integration movement and the use of budgeting techniques had had to be studied. In 1966, the phase of implementation at which most of the Latin American countries had arrived brought new requirements in its train. It was in the context of those demands, however, that the Institute had succeeded in polarizing its activities.

The Institute's main fields of action were basic research on economic and social development, the relations between economic integration and planning, and the different demands made by the twofold need to strengthen planning machinery and increase its effectiveness in the different countries, while removing certain obstacles that hampered plan implementation.

Within this broad plan of action for 1966, certain goals were attained that had been established earlier by the Governing Council and the Institute. The first printed publications with the texts of "Discussions on Planning" and "Industrial Development Planning" had been issued and two other studies had been sent to the printers and would be published in a few weeks' time. The start thus made would naturally be improved upon. Arrangements had been made with two publishing houses, one in Chile and another in Mexico, which it was hoped would provide a regular and efficient publishing service for the Institute's major studies. A Publications Service had been created in the Institute. It had already begun its work, and was currently engaged in preparing a plan for publishing texts, manuals, studies and research papers of all kinds in an Institute textbook series. The possibility of issuing a regular publication with the results of the Institute's work was also being explored.

The main event in the field of training was the course for trade union leaders given in 1966, which was attended by representatives of the different national movements of workers. Apart from its specific purpose of training, the course had the additional interest of providing the Institute with an insight into the workers' views on planning, integration and development in Latin America. The course had a multiplier effect since some of the trade union leaders who attended it later organized similar courses in their own countries.

He pointed out the increasing extent to which the intensive training courses given in the different countries were geared to national requirements and the state of planning, given several examples. Particular attention was being paid to projects, which were one of the main subjects of the course given in Central America. Progress had also been made with

/the special

the special courses: one example was the course on educational planning in Costa Rica which had included studies on the integration of educational activities among the countries that were well on the way to economic integration. It was hoped that, just as the course on the different social sectors had acted as a precedent for similar courses held later in Asia and Africa, the efforts made in 1966 to link integration with education would have the same continuity and impact.

Advice and assistance were given in the preparation and implementation of plans and in relation to projects undertaken in close collaboration with IDB. Both activities were stepped up and diversified in 1966, advisory services being provided for fourteen Latin American countries. Specific work on projects was undertaken in Ecuador, Paraguay and Uruguay, where the Institute had had the opportunity of studying the shortage of economic and social projects on the spot.

Mr. PREBISCH pointed out that a better knowledge of economic and social problems in Latin America and the way to solve them was more essential for the region than more refined planning techniques. Once the necessary body of knowledge had been built up, the planning techniques available would be turned to proper account. That was precisely the aim of the Institute in its advisory work.

With regard to the publications of the Institute, it was more important for it to evolve new theories and publicize them in Latin America than to polish its studies so as to disarm all criticism. A journal of review might be launched with that end in mind. Although a difficult proposition, it would be an excellent way of acquainting the public with the thinking of the Institute, and of forging closer ties between the Institute and the agencies and professionals concerned with development problems in the region.

At the suggestion of the CHAIRMAN, the following cable from Mr. Flácido García Reynoso, titular Chairman of the Governing Council, was read out:

/Mexico: 20.2.67

Mexico: 20.2.67  
Received: 21.2.67

Mr. Cristóbal Lara Beautell  
Assistant Director-General, ILPES  
Santiago, Chile

Unable to attend session Governing Council ILPES for the reasons stated in cable 8 February. Kindly express my regrets to Director-General and Council, also my satisfaction with the report on activities in 1966, and especially the two studies of integration and national development plans. Wholeheartedly support collaboration of Institute with ALALC and INTAL in the preparation of studies on relations between national economic policies and integration policy, and on the problems of incorporating a policy of integration into the plans of the different Latin American countries. Fully agree with list of economic development factors that have a bearing on Latin American Development; however, suggest that concept of economic development should take into account economic-social disparities between Latin American countries and their importance in the whole body of obstacles impeding swifter growth. Suitable national, regional and inter-american policies should be framed to surmount these obstacles. The priority to be given to this in the conceptual approach and presentation of macrodynamic model proposed in paragraph on development theory should be examined. While applauding progress made by ECLA/INST/BID Programme, would point out that Programme's objective is to furnish information for the regional economic integration of the manufacturing sector and that studies on metal-transforming industry in Argentina, Colombia and Ecuador do not serve that purpose. Wish to express satisfaction with work programme and budget for 1967, but would make the following comments. On page fourteen on industrial programming, industrialization policy included in the list of subjects in the final paragraph should refer expressly to national and regional policies. Reference to quote international scope unquote in preceding paragraph may also lead to confusion. Regarding programming of public sector, suggest that consideration be given to the co-ordination of national programmes with regional integration programmes. This suggestion also applies to agricultural programming. The studies and research on training referred to on page forty-six should be itemized. I attach great importance to the new research work on economic integration mentioned on page eighty-four. More details should be given on the financial programming referred to in the first paragraph of page eighty-seven which is unclear. Consider very useful the contribution of the Institute to the document on industrial policy and integration for the International Symposium on Industrial Development. Lastly, extend my best wishes for the success of the session and for the adoption of agreements to support and strengthen the work of the  
/Institute. While

Institute. While deeply appreciative of honour conferred upon me and for the many attentions paid to me during my term of office, would request the Council once again to relieve me from the duties of Chairman.

Plácido García Reynoso  
Under-Secretary for Industry and Trade

Mr. MATUS said that the Institute's activities in 1966 had been concentrated on two well-defined aspects, as a result of the experience acquired in collaborating on studies with the different countries. To begin with, it had been found that development plans were becoming increasingly far removed from the major problems of the economy, possibly because of the very urgency with which the plans had to be produced, and were even further from the stage of biennial plans which, without making planning more effective practically had been instrumental in isolating planning offices from the political level at which the type of problem in question was discussed. Secondly, the plans had been found to lack operability, which meant that a number of factors were preventing them from being put into practice.

The first obstacle was being dealt with by collaborating with the countries in formulating what were technically known as national development strategies. The principal problems of each economy were ascertained together with their causes, and an idea formed of the lines of development and broad economic policy changes required to bring about the right conditions for development. Work had been done on those lines in Central America, the Dominican Republic and Paraguay, in close collaboration with the national planning offices. The concept of development was formed through contact with representatives of the productive activities, the different sectors of the economy, and political circles, and it was hoped that that kind of approach would restore the vitality that had distinguished planning in its early stages. The Institute hoped to extend its work in that respect beyond the province of national problems in order to develop a new and more comprehensive regional approach, which would be helpful in also enabling national problems to be looked at from a fresh angle.

/As regards

As regards the plans' lack of operability, the Institute had already begun work on a series of studies aimed at gathering information on annual planning experiences and at outlining the bases of a methodology. At the end of 1966, a seminar on annual operational plans had been held at the Institute in co-operation with the Chilean Ministry of Finance and the French Commissariat du Plan. Its purpose was to study ways and means of designing a methodology and workable institutional machinery for annual plans in Latin America. Argentina's, Central America's and France's experiences had proved very illuminating in that respect, in particular that of France, since its national economic budget system had been developed fairly independently of the planning office but was on the way to being converted into an annual plan integrated with medium-term plans. Subsequently, a tentative outline was drawn up of the methodologies that might be progressively applied in the region, beginning with Central America, that is, programmes of action that were an important part of planning in that they acted as the stepping-stones towards the later and more complex stages. A consistent framework was thus provided for the following year with all the sectoral policy targets included, but no provision had yet been made for such vital short-term problems as current prices and price fluctuations. The process might end with a third phase in which the system of annual plans would comprise all problems of an essentially monetary nature.

The first steps had also been taken to carry out practical work in collaboration with the Governments of Chile and France. The Institute hoped that its share in the preparation of an annual planning methodology would help to complete planning systems in Latin America.

The Institute had successfully concentrated its activities in those two areas without prejudicing the collaboration that it would still usefully give in such fields as budget programming, sectorial planning, administration, agricultural programming and the public sector.

/Mr. FUENTES MOHR

Mr. FUENTES MOHR wished to make some comments on the Director-General's report and his view of the planning process in Latin America. It seemed to him that Mr. Lara and Mr. Matus had looked back with regret to the early days of planning in the region, when there had been both a development strategy and policy that seemed to be lacking in current medium-term plans. The sharpest criticism levelled in the past had been that the plans were impracticable academic exercises. The result had been an interest in the medium-term plan and the operational annual or biennial plan. Those were now criticised as lacking in sufficient policy content to implement a system of planning that represented development. In his opinion, the success or failure of planning did not depend primarily on the techniques used or the type of plan prepared, but on the want of clear-cut and a soundly-conceived policies that would turn planning into a spearhead of development. In many countries planning was becoming mechanical in some aspects and theoretical in others, and was not felt to be part of national life or government policy. Even the terminology of planning meant nothing to the countries. When proposals were made on basic aspects of planning, they were regarded as ideas put forward in a vacuum by ivory tower theoreticians or, what was worse, as an unsolicited attempt to influence events on the part of international agencies. The sectors that felt themselves to be affected not only discredited planning but adopted a chauvinistic attitude, attributing all the shortcomings of planning to international organizations. The Institute should therefore set up a system of priorities to determine the type of work it ought to be doing in two or three years' time. For instance, the tempo of research on planning techniques might be slowed down, while the kind of advisory assistance currently given to planning and budget offices should be made more general and linked with such activities as the course for trade union leaders, or the organization of seminars and conferences in different parts of the region in order to acquaint entrepreneurs, workers and other groups with basic planning concepts.

/Publications should

Publications should also be made more attractive to the general public than at present, possibly even journalistic in tone, so as to create a greater awareness of the need for planning. As he had said before, certain activities should be left in abeyance. The main thing was to strengthen the basis on which they would be operating. The staff members of the Institute would have to become the true leaders of planning if they were not to be again bewailing the failure of their strategies for want of operational plans and projects and caught up once more in the vicious circle in which they were now trapped. In view of the particular importance that he attached to the establishment of priorities, he asked the members of the Council to take up the matter.

Mr. GONZALEZ said that the work on economic integration and development policy in Latin America was described in two documents, one relating to the region in general and the other to Central America. They showed that the import substitution process had reached saturation point in the more advanced Latin American countries and would obviously be reaching it fairly shortly, in the others. A serious situation was developing as a result, and a glance at past and probable future trends indicated that neither exports nor foreign capital were likely to fill the gap left by import substitution and provide a foundation for satisfactory growth. The possibilities of import substitution would inevitably be exhausted if the process continued, as at present, on the national level only. Economic integration would therefore help to solve the problems of Latin America's development if it raised the process of substitution to the regional level. Latin America was largely dependent on an imported technology created for conditions in other countries, and was not always able to undertake the necessary research work to create its own technology or adapt foreign know-how. With regional substitution it would increase its economic, financial and technical capacity for acting in a much more dynamic way.

/During the

During the next stage of its work, the Institute proposed to regionalize import substitution by stages, extending it first to groups of countries to see how it would work in special cases. In view of the problems that would have to be dealt with, particularly when the integration movement reached the relatively less advanced countries, the burden of the work could not be shouldered by the Institute alone. In addition to the contacts established with other international organizations, there would have to be greater collaboration with national research institutes and universities. On that basis, research could be undertaken into integration and development policy. Contacts had already been established with agencies in four countries —Argentina, Chile, Uruguay and Venezuela— and work would begin under their auspices at the country level, and under the aegis of the Institute at the regional level.

As regards monetary and financial programming, the work has focused for the time being on collaboration with the Government of Chile. The basic working hypothesis was that any government's development policy contained a very small number of elements that shaped and distinguished it, while the action taken in other fields, although naturally important, formed a kind of secondary framework around the central policy structure. On the basis of that assumption, it would be possible to see how the monetary and financial machinery worked in each of the strategic sectors and what remained for the rest of the economy if certain specific targets were to be aimed at in each sector. There might be a direct understanding with the bodies responsible for economic policy in each sector, such as the central banks, financial mechanisms in the private capital market, and major commercial banks, in order to see how the financial system operated and what changes would be needed to achieve the desired goals.

/The Institute

The Institute proposed to organize a seminar on the monetary and financial system towards the end of 1967 in which various officials with experience in that field, planners and central bank officials would take part in a personal capacity in order to hold a frank exchange of views and ideas, study ways and means of consolidating the advances made and lay down new guidelines for future action.

Mr. SUNKEL referred to Mr. Fuentes Mohr's view that the Institute, which had perhaps been devoted too exclusively to studying planning techniques and instruments, should spend part of its time on clarifying the issues involved for the general public.

The priorities for the work were fixed with a view to giving the planning process in Latin America maximum effectiveness. In his opinion, however, its efficacy was determined less by the perfection or defects of its machinery and techniques than by the clarity and trenchancy of the development policy that planning existed to implement, and by the extent to which planning instruments helped to define as well as apply that policy. The Institute's prime concern should therefore be to ensure that planning techniques, instruments and institutions combined to sharpen and implement development policy. Therein lay the main weakness of planning in Latin America: either there was no development policy, or, where it existed, it was worded in too general terms, inconsistent and lacking in vision. Those defects were due to the want of clear thinking of the development objectives sought in terms of institutional, social, economic and political changes to improve conditions in Latin America rather than production targets such as a specific increase in levels of education, health, income, etc. Moreover, the formulation of a development policy calls for a sound understanding of the development process and of the structure and operation of the economy and society. What was lacking was a theory of development that would tailor action to the objectives established and to the practical factors and trends of community life. New working hypotheses were required that would take into account the experience already acquired in development policy and planning. In /short, when

short, when the basic theory was inadequate and its aims unclear, the formulation of a development policy and strategy were impossible not only in economic matters but also in the political sphere in which the chances of undertaking certain programmes largely depended on the backing of particular groups or sectors. It was clear that little had been done so far to give a clearer picture of the specific possibilities of action, that were opening up in each country or different areas of a particular country.

In the strictly technical aspects of planning, much progress had unquestionably been made: planning offices had been established, technical teams formed and plans and programmes prepared. However, the want of a political definition of development objectives had compelled the experts to "invent" targets for the plans. They had been able to do so because the targets did not commit the decision-making elements or the social groups that provided policy support. Progress was thus made on the technical side of planning, particularly during a period in which planning was merely the formulation of a kind of "balance-sheet" that was useful for obtaining more credit. But when the additional funds were not used by the countries, and as a result the targets could not be attained, the experts began to be discounted as the politicians discovered that they could not neither reap any personal profit out of planning nor obtain it through the same kind of external aid as in the past. The result was what had been termed the "planning crisis", which had coincided with the recent intensification of some of Latin America's long-standing problems in the last few years, such as the external sector, agriculture, employment, etc.

Clearly, the Institute was by its very nature equipped to do certain things but limited in other ways, and had been active up to then in the most practicable area, that of technical planning problems. It was currently interested in progressing in certain technical aspects which would be fundamental once planning was being effectively carried out, and some programmes at least were to be undertaken, for instance, financial planning and the formulation and evaluation of short-term  
/policies and

policies and annual plans. Those subjects were therefore being given preferential attention in research, training and advisory work. However, planning also had to advance in other less strictly technical fields, such as the determination of development objectives in Latin America. Hence, one of the tasks of the Institute in its social research was to assess the part played by particular groups and sectors-- entrepreneurs, the organized working-class sector, the unorganized marginal masses, the Government-- in the establishment of objectives and guidelines for development policy. In elaborating the theoretical groundwork for defining development objectives as a basis for action, the Institute was also re-examining the process of development in different Latin American countries over the last few years, measuring its ideas against certain factors that had unexpectedly emerged and the recrudescence of long-standing problems that had been presumed settled. Despite the oft-expressed criticism that that kind of work was too general and academic, he reiterated his firm conviction that the development of theory was an activity that would bear eminently practical fruits in due time.

With regard to the dissemination of the Institute's ideas, there was too little contact between influential sectors of opinion and the persons who defined and determined development policy, mainly politicians, technical experts and executives in both the public and private sectors. At the present time, the only contact maintained consisted of undoubtedly close ties with the technical experts, primarily in the public sector, and even so too little stress was possibly being laid on the definition of development objectives and the reinterpretation of the process. It was therefore clearly necessary to interest public opinion and facilitate communication between expert and politician as a pre-requisite for compatibility between the political strategy of development and its technical feasibility.

/Mr. FUENTES MOHR

Mr. FUENTES MOHR basically agreed with Mr. Sunkel on the need for development research in Latin America, but wondered how far such research should take pre-eminence over other fields. Highly refined theories were difficult to work out; it was therefore a more feasible proposition to take fairly specific targets which were easier to agree on, and make practical use of some of the findings of earlier studies and discussions. On the other hand, he agreed that the Institute should lay special stress on maintaining contact with other sectors in order to help in framing development policies. The Institute course for trade union leaders was particularly important in that respect, since it dealt with a hitherto neglected sector, and so was the attempt to gear central bank policy to general development policy.

Mr. PREBISCH wished to make some comments on the problems that had been raised. To begin with, it was necessary to fill in a number of major gaps in the analysis of the economic and social situation in Latin America. Both the Institute and ECLA were already in a position to state what they knew and what they did not know of Latin American conditions. What was now required was an exact knowledge of lacunae, in order to set up an order of priority for research and to attract the attention of other research centres in Latin America and elsewhere. He was concerned by the fact that the Institute's and ECLA's thinking had become a repetition of ideas put forward and accepted several years ago, and that both theoreticians and pragmatists regarded the two institutions as having lost their vital force. Hence, it was essential for the Institute to define the areas of economic and social research.

As regards advisory services to governments, there were some weak points and practical aspects that disquieted him. In the first place, it should be realized that the bases had not yet been laid down for a monetary and fiscal policy and an income policy that responded to economic development needs. Considerable difficulties were encountered in attempting to translate medium-term plans into operational plans of immediate use to governments. He therefore applauded the activities initiated by the Institute in that connexion, which had been inspired by the need to consider the problem of the central banks.

/Secondly, an

Secondly, an attempt should be made to tackle the problem of the external vulnerability of the Latin American economies, which should be remedied not only through external borrowing but also through internal measures relating to the fiscal system, the monetary system and public and private investment policy in order to cushion the impact of external fluctuations.

Thirdly, a specific enquiry should be made into the exact nature of the obstacles that were hampering both planning and the formulation of a rational economic and social development policy in Latin America. Apart from the political impediments, which were summed up in the book recently published by the Institute, there were many others on which the Institute had built up a vast store of information. New contacts were needed with people who were in constant contact with the problems of the region, with various national sectors and with the central banks to see the way in which they had grappled with those problems in their own countries.

Lastly, he suggested that an even greater effort should be made to ascertain the viability of certain growth rates and the reason why some countries had succeeded in achieving a high rate while others were at a much lower level. It was also necessary to determine how far internal factors, and the human factor in particular, were responsible for that phenomenon.

To sum up, the Institute should concentrate on five main lines of action: delimit the gaps in knowledge in order to guide research and arouse the interest of other centres in the region or elsewhere; prepare bases for using monetary and fiscal policy instruments to combat inflation; tackle the problem of the external vulnerability of the Latin American countries; study and analyse all questions relating to techniques of plan evaluation in Latin America and the obstacles that

/have impeded

have impeded the framing of an economic and social development policy, on the basis of the experience of the last few years; and, lastly, make a broader study of the feasibility of achieving higher growth rates in the light of that experience. He had not intended to present a systematic body of ideas and even less an exhaustive list, but simply to give a general idea of the lines which he thought both the Institute and ECLA could usefully follow, since the two bodies worked in close collaboration on many questions.

Summary Record of the Second Session

23 February 1967 (afternoon)

Present:

Members of the Governing Council

Roque Carranza (Chairman)

Alberto Fuentes Mohr

Gustavo Guerrero

Enrique Iglesias (later)

Sergio Molina

Alfonso Patiño

Manuel Balboa (representative of ECLA)

Felipe Herrera (representative of IDB)

René Montserrat (representative of OAS)

Institute Secretariat

Raúl Prebisch (Director-General)

Cristóbal Lara (Assistant Director-General)

Jorge Alcázar

Fernando Cardoso

Ricardo Cibotti

Francisco Giner de los Ríos

Norberto González

Benjamín Hopenhayn

Carlos Matus

José Medina Echavarría

Francis Shomaly

Héctor Soza

Oswaldo Sunkel

Inter-American Development Bank (IDB)

Cleantho de Paiva Leite

Alfredo Wolff

The CHAIRMAN declared the meeting open and proposed the following text for the cable to be sent to the titular Chairman of the Governing Council, Mr. Plácido García Reynoso, at the suggestion of several members of the Council:

"On behalf Governing Council meeting today I wish to convey our sincere sympathy at the accident which prevented you from presiding over the meeting stop Trust you will soon be completely recovered stop Grateful your interesting comments which we are considering stop Reference your desire to be relieved of chairmanship I have pleasure in communicating members' unanimous wish you remain in office until new Council elected stop Kindest regards, Roque Carranza."

The text was unanimously approved.

The CHAIRMAN informed the members of the Governing Council that the Plan of Operation of the Institute's Advisory Services Division was to be signed by representatives of the Governments of Chile and Venezuela and United Nations officials at a ceremony to be held at the Ministry of Foreign Affairs (Salón Rojo) on Friday, 24 February. The Plan of Operation would then be available at United Nations Headquarters for signature by the other sponsoring Governments. The third meeting would accordingly be suspended at the appropriate time to allow members of the Governing Council to attend if they so wished.

1. Review of Institute Activities in 1966 (continued)

Mr. MEDINA ECHAVARRIA said he would not repeat the details contained in the Director General's Report in relation to social development programming, but would explain the significance of those activities as part of the Institute's over-all action in pursuit of one of its aims: to present a consistent interpretation of the real economic and social situation in Latin America. The research projects under way were merely fragments of that fundamental task and, though valuable in themselves, their real raison d'être lay precisely in being a part of the over-all quest for knowledge. He referred item by item to all the research in process, dwelling for illustrative purposes on that relating to entrepreneurship, the role of the industrial worker in economic

/development and

development and, in particular, the research recently initiated on Latin America's marginal population sectors. Just as the entrepreneur and the worker had their special place in any industrialization process, the position with respect to the marginal sector had a significance which was not exactly reflected in its peculiar and highly decisive role in the social structure of Latin America.

Also by way of illustration, he analysed the concern shown by the Institute at the possible shortcomings of planning in Latin America. What was happening in the region had happened wherever economic and social planning had been attempted. A concrete approach to the question would be to study the circumstances in a particular country or region; but it should also be studied from a strictly theoretical standpoint, even if that meant keeping the discussion on a highly abstract plane. In that respect, he examined the three following points: the utopian trends implicit in the various planning aims, the different forms of rationality in decision-making which might or might not coincide, and the distribution of knowledge in society which should be taken into account in the question of democratic planning. Examination of each point revealed the reasons underlying the obstacles to planning in Latin America and the need to overcome the disillusionment to which planning had given rise and might still give rise in the future.

Mr. CIBOTTI said that many of the problems affecting the Training Programme had already been mentioned in the statements by members of the Institute staff and of the Governing Council. He would, therefore, confine his own comments to the way in which some of the Programme's basic trends had materialized in the course of 1966 and how those problems affected it. Although he agreed that a deeper insight into the real situation in Latin America was necessary, more was known about it now than a few years ago. Consequently, the amount of subject-matter covered was much greater than before. As a result, the participants gained the impression that the situation in Latin America was not only far more complicated than they had thought but also more difficult to solve. The Training Programme was accordingly assimilating much of the

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research carried out by the Institute and other international agencies operating in the region. A primary feature of the Programme might therefore be the larger fund of knowledge about the Latin American situation vis-à-vis what might, for want of a better term, be called planning techniques. Secondly, a highly simplified classification was made of the interpretation of planning and its techniques; although a positive measure, it complicated the issue because in that interpretation the fundamental point emerged that Latin American development was dependent not on the use of particular techniques in formulating objectives, but essentially on rational development policies. The result was an imbalance between the amount of subject-matter and the number of feasible short-term solutions, in view of which the participants came to regard planning techniques as inoperative, particularly since every solution appeared urgent to their youthful minds. That was one of the major problems now facing the Training Programme, and indeed all Latin America.

But there were other still more complicated issues. Whenever a technique involving rationalization was applied in a situation of under-development, conflicts immediately ensued. It was therefore necessary to analyse whether the prestige or lack of prestige of planning in Latin America—from the standpoint of planners or planning machinery—might not be dependent precisely on those conflicts or contradictions which are detrimental to the interests of certain sectors. It seems impossible to solve the problem without first thoroughly investigating its causes. As to whether the actual techniques had caused planning to lose prestige—which at one time it had enjoyed, and still did in some countries—he considered that the Institute had adopted an extremely flexible approach to the technical problems of planning, and he wondered whether planning techniques were not falling out of favour for other reasons. In that respect, he pointed out that, at least in practice, very rough techniques were being used instead of more sophisticated or up-to-date ones, although quite possibly only the former were suitable.

The intensive courses had gradually become operational in nature, concentrating on very specific problems. In fact, only two of the eight courses held in 1966 had been of a general type. In the Central American course, for example, besides the theoretical preparation and evaluation of projects, a fair amount of time had been spent on the practical work of preparing and evaluating projects in three areas: stock farming, roads and crop farming. In Mexico much of the course had been devoted to agriculture and the public sector, and in Brazil the emphasis had been on local programming problems.

In the Basic Course, special attention had been given to short-term planning, as shown by the main lines followed in the subjects - economic policy and planning, and the specialty general programming.

The Course for Latin American Trade Union Leaders had proved an interesting experiment, both because it concerned a sector with which little or no contact had existed before and because it had shown that the venture might be extended to other sectors with a view to the gradual spread of information and knowledge referred to earlier.

The CHAIRMAN considered that the Institute's activities in 1966 had been fully discussed and suggested reverting to agenda item 2: "Second Phase of the Institute's Activities",

Mr. HERRERA thought it would be advisable to await the arrival of Mr. Enrique Iglesias, member of the Governing Council, in order to hear his report on the mission he had carried out in conjunction with Professor Mason. The report (item 3 of the agenda) was closely linked to the item dealing with the second phase of the Institute activities.

Following an exchange of views, it was agreed to discuss item 6: "Other Business".

2. Other business

(a) Budget

Mr. SHOMALY said that the tables for financial year 1966 in the Report of the Director General presented estimates for the last two months, as the final figures had not been available in time. The figures

/he would

he would now be giving did not basically alter the previous data, but afforded a more comprehensive picture of the Institute budget. The strengthening of the advisory activities had required additional funds, which had been raised by means of a supplementary project with financing approved by the United Nations Development Programme in January 1966 out of Special Fund resources that included a counterpart contribution from the Latin American Governments.

The budget of the original project, financed by Special Fund and IDB contributions, had been severely strained by the increased salaries payable to general services staff, in accordance with the revised salary scales for all United Nations personnel. Moreover, the Special Fund had authorized the contracting of five advisers since July 1965, on the understanding that the corresponding inroads on the budget would be made good. The estimated total of 134,740 dollars for the two items had been duly requested from the United Nations Development Programme by virtue of a revised Annex I to the Plan of Operation, in accordance with existing procedure. Headquarters had already confirmed the approval of those additional funds, which, added to the original budget of 3,800,000 dollars for direct expenditure, brought the total budget to 3,974,740 dollars. Actual expenditure up to December 1965 amounted to 2,328,200 dollars, the balance for the period January 1966-July 1967 being 1,606,540 dollars.

Actual expenditure in 1966 amounted to 1,029,890 dollars, leaving a balance of 576,650 dollars for the first half of 1967, or a monthly average of 96,110 dollars. The proposed budget for the supplementary project in connexion with the advisory services was 581,400 dollars for the whole period January 1966-June 1967. Actual expenditure during the first twelve months amounted to 286,212 dollars, the balance for the remaining six months being 295,188 dollars.

The rent paid for the Institute premises in 1966 was 87,900 escudos, which had been refunded by the Government of Chile.

The figures in the Report of the Director General represented actual expenditure for each year except 1966, estimates being given

/for November

for November and December that year; the final figures were now available. However, the expenditure related to accounting costs and therefore did not include social security benefits accruing to the staff for years of service—repatriation expenses, accumulated leave, etc.—which were only settled upon termination of a staff member's contract. The plan of expenditure for the first half of 1967 envisaged the use of available funds from the budgets of the two projects concerned, as detailed in the Programme of Work and Budget for 1967.

(b) Selection of participants in the courses

Mr. MONTSERRAT said that, before the discussion of the work programme began, he would like some additional information on one or two points. He was particularly interested in knowing what procedure was followed in selecting the participants in the courses; in elucidating his query, he referred to the work which the Organization of American States (OAS) was doing for the Inter-American Committee on the Alliance for Progress (ICAP). Countries often presented investment programmes which were very satisfactory in regard to the policies pursued and proposed investment, but which lacked the proper administrative infrastructure to implement them. Hence the need to reinforce certain key agencies for the purpose. Often, however, that need had never been considered. It was therefore essential for every country to adopt immediate and determined action to single out such key agencies and to establish the strategic posts that had to be filled on the basis of technical assistance and training.

OAS had discussed the idea of gradually integrating all supporting services to countries. It would be interesting to develop, as far as possible, a kind of relationship between the Institute's training and technical assistance activities and the classification of key agencies in the country studies. He pointed out that, at the present time, even if the general staffing requirements of a particular agency were determined, OAS lacked the means to help train such personnel or to fill the gap temporarily through direct technical assistance. His question was, therefore, whether that institutional approach was taken

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into account in selecting candidates for the Institute courses or whether the selection was based essentially on the candidates' own merits.

Mr. CIBOTTI answered Mr. Montserrat's question with specific examples. In regard to the Course on Education held in Central America in 1966, it had been decided after discussing the matter with the ECLA Mexico Office, to include not only officials from the Ministries of Education but also two or three officials from planning offices -- even if they were not directly connected with education -- and one or two from universities. No such clear distinction was made in terms of institutions as that described by Mr. Montserrat; attention was focused essentially on the general question of the need for manpower training in Latin America. He went on to mention the courses on health planning, for which the selection of participants was based essentially on criteria established by the Pan American Sanitary Bureau (PASB), the co-sponsoring organization. The selection of candidates for intensive courses depended on the type of course to be held. If it was on agricultural programming, the participants had to be selected from the area as well as the Ministry, i.e., it extended to other agricultural bodies as well.

A much more flexible procedure was adopted in connexion with the Basic Course at Santiago, where an equitable geographical distribution and the candidates' qualifications were, of course, taken into account. He pointed out a continuing problem with regard to participants holding BTAO fellowships. The technical assistance function, centred as it generally was in planning agencies, the latter exercised a kind of monopoly concerning the personnel sent on courses, and energetic action was necessary to secure participants from other government bodies.

Those examples showed that the Institute followed a fairly flexible procedure in selecting candidates.

(c) Nature of the Research

Mr. SUNDEL wished to clarify some points in his morning statement, which might have left the impression that the Institute was too taken up with abstract long-term activities and tended to ignore the demands and concerns inherent in the problems faced by planning officials in the various countries. He explained that at the present meeting -- to avoid repetition of statements made at earlier meetings of the Governing Council -- reference has been made only to those activities which were currently making most progress, including long-term research. That meant that the Institute, far from confining its action to purely academic research, was trying to overcome the marked backwardness in theoretical thinking and interpretation. In its early years, the Institute had devoted 70 per cent of its time to training and 30 per cent to advisory services; no social or economic research had been undertaken. In the last few years, research teams had been formed and that activity was gradually becoming an important part of the Institute's work. It was far from the Institute's intention to neglect problems requiring immediate solutions and answers. On the contrary, it was constantly facing that need, firstly, through its advisory activities which kept Institute staff members in close touch with problems in the countries themselves, and, secondly, through the participants, who raised questions of interest to them as persons who had already taken part, or expected to take part, in planning activities.

(d) Institute for Educational Planning and Administration for Latin America (UNESCO)

Mr. PATINO considered that the Governing Council should devote some attention to the proposal at the recent Conference of Ministers of Education and Ministers Responsible for Economic Planning in Latin America that UNESCO should establish an Institute for Educational Planning and Administration for Latin America. He suggested a brief exchange of views concerning the position the Governing Council should adopt in connexion with the project.

Mr. LARA

Mr. LARA explained that the Conference of Ministers of Education held at Buenos Aires in June 1966 had considered that before the proposed institution was actually established it would be necessary to examine and evaluate the action being undertaken in the field of manpower training by UNESCO, ECLA and the Latin American Institute for Economic and Social Planning. The Director-General of UNESCO had accordingly been requested to study the question and put forward recommendations; the Conference had expressly indicated that any decision regarding the proposed creation of the new institution should be submitted for consideration by the UNESCO General Conference, scheduled to take place within the next few months. As was now known, the Conference had recommended that the new institute should be established. ECLA and the Latin American Institute for Economic and Social Planning had approached UNESCO for more information regarding its decision. The Director-General of UNESCO had explained, firstly, that the establishment of the new institution was the natural outcome of the joint programme which UNESCO and the Institute had successfully carried out since 1962 and, secondly, that it was UNESCO's aim that its collaboration with the Institute should be even further strengthened by the new institution.

At the time, both ECLA and the Institute had emphasized the essentially integrated nature of planning and pointed out possible disadvantages in the operation of sectorial educational planning institutes. They had also stressed that the greatest need in that field was to ensure that educational programmes were properly linked with development action in the various countries, a need which would not seem to be adequately met by the kind of approach adopted by a sectorial agency.

That had been the position before the decision to set up the new institution. But once it was actually established, the following special considerations would have to be taken into account: first, the recognized inadequacy of the action of the various agencies operating in the sphere of education; secondly, the very nature of the educational

/sector, which

sector, which, through its backwardness, was one of the greatest obstacle to development. In view of that combination of circumstances, it would be difficult to oppose measures which might well herald more vigorous action in the sector. He considered that, if the new institution were established, instead of rivalry or competition between the two institutions, it would be wiser to pay serious attention to the question of educational planning and the possibility of useful action in the Latin American countries.

In any case, the establishment of the new institution would not mean that the Institute need no longer consider educational planning in its programmes of work.

Mr. PATINO asked whether there was still time to prevent the creation of the new institute, for example by making representations to the Government of Chile on whose territory it was to be established.

Mr. BALBOA agreed with Mr. Lara's comments regarding the establishment of the new institution. He considered that the Institute could take care of general questions connected with educational planning, and work -- in conjunction with ECLA -- on such aspects as skilled manpower training. The latter also fell within the sphere of action of the ILO, which was engaged in very specific practical programmes in Latin America. Adding to Mr. Lara's observations, he said that the Director-General of UNESCO, upon informing ECLA of its proposal to establish the new institution, had promised that before concluding the relevant agreement with the Government of Chile he would discuss with ECLA and the Institute the part they would play in its organization and management. The Director-General of UNESCO had not been very specific about their respective roles and he did not know whether any steps had yet been taken in the matter.

Mr. HERRERA did not wish to open a debate on the subject, but requested that in any event the relevant discussion should be reported in the summary records. He recalled that at the time of IDB's participation in the establishment of the Institute, one of its primary concerns had been that the responsibility for matters relating to

/educational programming

educational programming in Latin America should be assigned to the Institute. For IDB had then been about to extend its operations to that field, and rather than establishing its own training courses or units, it had preferred to hand over such activities to the Institute, and had even urged that they should cover the agricultural sector. But at no time had consideration been given to the possibility of the Institute's delegating functions to any other agencies that might subsequently be set up. Situations like the one under discussion might mean that IDB's proposals to participate in the second phase of the Institute's existence meet with a less enthusiastic reception than had been accorded them to date.

Mr. PATIÑO, while appreciating the Deputy Director-General's point of view, stressed the existing waste of effort on the part of both the Latin American countries and the countries that co-operated with them. He felt inclined to suggest that some form of action should be taken in relation to the problem raised by the establishment of the UNESCO agency; for instance, the Deputy Director-General might be authorized to discuss the matter with the Government of Chile and the Director-General of UNESCO, taking, of course, all the appropriate steps to that end. Nevertheless, out of respect for the Deputy-Director General's opinion, he preferred to refrain from formulating any such proposals for the moment, but requested that the summary records should testify to his position.

Mr. LARA wished to add that the establishment of an institute for educational planning for Latin America was not the only move under consideration. He understood that at a recent meeting of the ILO in Ottawa an ad hoc committee had been requested to study the possibility of setting up a Manpower Planning Commission. He had pleasure in informing the Council that in connexion with the said proposal advantage had been taken of the fruitful and unwavering co-operation between the Institute and the ILO to contact the latter agency, whose Director-General had expressed his wish to collaborate with ECLA and the Institute in the field of manpower planning, perhaps through joint programmes of work.

/He fully

He fully shared in the Council's basic uneasiness as to the establishment of new sectorial planning agencies at the regional level, and believed that the motives underlying it, in so far as he was aware of them, were also a source of concern to the Special Fund Component of the United Nations Development Programme.

The way in which various bodies set up by international agencies were operating relatively independently of one another in Latin America, with no clear knowledge of the combined effects of their action, did indeed prompt some misgivings. In the forthcoming stage of its existence, the Institute should do everything within its power to help find a common focal point for the manifold activities in question.

Mr. MEDINA ECHAVARRIA put forward some arguments in support of the contention that educational planning problems should still be the concern of the Institute, and in particular of its Division of Social Development Programming, whatever other institution for educational planning might be established. He examined the question from two different scientific standpoints. In considering first the sectorial planning of education as a part of over-all planning, he pointed out in passing how unsatisfactory the scientific work attempted in that field had proved. In his opinion, however, a more promising outlook was afforded by the general theory of infrastructure---and, therefore, planning---in each of the two existing types of market, which was currently beginning to attract attention both in the field of research and in that of practical policy. Whatever the standpoint adopted, educational planning problems were indis severable from the substantive concerns of the Institute.

Mr. FUENTES MOHR shared the feelings of the meeting with respect to the proliferation of institutes, commissions and similar bodies in Latin America. Nevertheless, he wished to indicate how the factors responsible for their emergence might serve as a guide for the Institute's future activities. He wondered how many people had a working knowledge of educational problems, and thought that in all probability few or none of the Latin American Ministers of Education were acquainted with the

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idea that a theory of educational planning should be formulated and applied in practice. It was therefore natural that they should want some centre of information which would enable them to discharge their functions to the best possible advantage. He recalled what had happened in the case of Central American integration movement. The striking progress achieved in economic matters, and the possibility that other spheres of activity might be left behind, led the Ministers of Education, of Agriculture, of Labour, etc., to wish for a Central American council of their own, so that they could make similar advances in their respective fields. He once again emphasized the need for the Institute to publicize its new lines of activity, and felt that for that purpose specific results were not essential. The important thing was to make it generally known that the problems and sectors in question were engaging the Institute's attention. If such information were disseminated throughout Latin America, the emergence of so many new institutions might possibly be prevented. So much still remained to be done in the field of education, that it would be a mistake, in his view, to discourage such undertakings as the establishment of the new institute for educational planning but that proposal should be taken as an example of what might happen in other fields, where similar action certainly would be totally inexpedient.

Mr. LARA, reverting to what Mr. Herrera had said, underlined the Institute's position vis-à-vis the establishment of UNESCO's new institution. He pointed out that the Institute had never encouraged such undertakings, and shared the opinion that the best way to solve the most important educational planning problems would not be through a sectorial approach. He stressed the fact that neither before nor after the decision to establish the proposed institute for educational planning had the Institute envisaged the possibility of delegating its functions. On the contrary, it was clearly aware that educational programming was one of its responsibilities, which it would accordingly persevere in fulfilling.

3. Review of Institute Activities in 1966 (continued)

Mr. HERRERA said that he wished to emphasize a number of aspects which had been referred to at the seventh session of the Governing Council, since although many of them were clearly described in the Report of the Director General, he would like additional information on others.

Firstly, he recalled that it had been suggested that the Institute should be more closely connected with demographic research, with a view to arriving at a technical and ideological position on that subject. Although he had examined the recent literature on the problem, he had the impression that no new moves had been made. He would like to know whether the Institute had anything to add on that subject.

Secondly, he expressed interest in the contacts established with INTAL and approval of the general pattern of the Institute's research in the field of integration. He would like to know what had been the result of the contacts with INTAL in the past year and whether there were any plans for joint activities in the present year.

Thirdly, he recalled his concern that the training programme on housing should be revised, particularly in relation to possible co-operation between the Institute and IDB on the concept known as integrated urban development. He did not know whether it had been possible to undertake such a revision or whether more emphasis had been placed on the point mentioned.

Fourthly, he wished to reaffirm his remarks on the establishment of pre-investment machinery in Latin America, and point out that IDB was already financing specific projects in the course of preparation by means of investment loans. He would like to know whether the Institute had made any further progress in its analysis and discussion of the theoretical and technical aspects of the problem.

Finally, he wished to call attention to his suggestions regarding the need for the Institute to improve its public relations programme, in the sense of maintaining close links with planning activities in Latin America. He asked the Deputy Director General whether there was any specific policy in that regard.

Mr. LARA

Mr. LARA, in reply to Mr. Herrera's question on demographic research, said that there had been very little that could be done, when compared with true importance of that field. The Institute was fully convinced that demographic aspects were an essential part of any planning or development activities and had given increasing attention to those aspects in its own research. But although there was little to report on in that regard, he was happy to be able to say that much progress had been made since the Governing Council's session in New York in December 1965. Closer links had been established with various national and international organizations working in that field, particularly with CELADE, which was co-operating with the Institute in certain activities of common interest, and even closer co-operation was envisaged for the recently initiated project on marginality, in which demographic problems were of particular importance. In addition, talks were being held with CELADE regarding other possible projects which would enable the Institute to give greater attention to that field. That the Institute fully intended to do so was evidenced by the fact that the 1967 budget provided for a post in demography.

In reply to the question concerning the Institute's relations with INTAL, he wished to report that they were no longer limited to the field of training, but also covered some of the research activities undertaken by both bodies. Moreover, in 1966 a senior Institute official had been seconded to INTAL to co-operate in the studies being made in the River Plate basin. The first results of this co-operation and the probable size of that project gave grounds for hoping that in the very near future co-operation between the Institute and INTAL would be as important and effective as everyone desired.

As for pre-investment, the Institute had been paying more attention to that field, particularly through its Projects Division, and it had taken the form of direct action in the countries in the preparation of projects capable of attracting investment and pre-investment funds, and of several research projects at present under way for studying the subject in greater depth. He recalled that the report of the Institute's

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activities in 1966 contained information on the direct action undertaken in Uruguay, Paraguay and Ecuador, and on the various methodological and theoretical research studies. The former was exemplified by the guide for the preparation of integrated development projects in agricultural areas; the latter by the work now being started on criteria for evaluation multinational projects connected with the integration process in Latin America.

In reply to the question on housing, he said that the Institute had paid particular attention to housing in its training courses and research programmes. In 1966 a course had been given on planning for the housing sector, organized by ECLA and the Institute with the cooperation of the United Nations Bureau for Technical Assistance Operations and Centre for Housing, Building and Planning, the Pan American Health Organization and the Latin American Demographic Centre. Officials of IDB had also participated in giving the course.

Moreover, several of the research projects for studying in greater depth the process of economic and social development in Latin America were concerned with urbanization and related problems. Thus, research was being done on the urban sectors, particularly in the social field, and it was to be hoped that in the projected study on marginality conclusions would be reached that would help to determine housing policy.

Finally, in reply to Mr. Herrera's last question, which was concerned with the Institute's relations, he said that the very nature of the Institute's work in the first phase of its existence had entailed a concentration of efforts on defining its philosophy and field of action. Nevertheless, many important links had been established with national planning agencies in most of the Latin American countries and international agencies both within and without the region, and with Latin American and other universities and research centres; and a start had been made on printing and disseminating the Institute studies and—as had already been pointed out—a Publications Service had been established which, in addition to its strictly editorial functions, would promote the dissemination of the Institute's work through other channels.

4. Report by Mr. Enrique Iglesias on the Mason-Iglesias-Messina Mission

The CHAIRMAN suggested that as Mr. Enrique Iglesias, Adviser, had joined the meeting the Council should now consider item 3 of the agenda.

Mr. IGLESIAS said that his statement was concerned with the results of the recent visit to the Institute of an IDB mission in which he and Mr. Edward Mason, Dean of Economics of the University of Harvard, had taken part. In view of the extension of the Institute's activities and the part played by IDB in financing its operations, the Board of Directors of IDB had decided to appoint an advisory group to evaluate the work accomplished by the Institute, for the purpose of arriving at an objective outside view of the results achieved in the first five years of the Institute's life. He thought that the mission had been extremely useful, in that it had resulted in a fruitful exchange of ideas and an interesting discussion of the doubts, anxieties and questions that people outside the Institute might have regarding its work.

He wished to stress, from the outset, that at no time did the mission doubt that IDB should continue to give firm support to the Institute, particularly since it was generally accepted that the Institute was perhaps the only international scientific centre of an interdisciplinary nature in Latin America. All that was involved was an exchange of views to clear up certain doubts and make a number of suggestions for maintaining the Institute's consistently high standards.

The report showed that the mission had been very favourably impressed by the Institute. In the first place, it indicated very clearly that the Institute had a special position with regard to the problems of Latin America, a position which although heterodox did not therefore imply a lack of a critical, realistic and highly scientific spirit. Although great strides had been made in the training programme, which was perhaps too ambitious in relation to its goals, the mission was in agreement with the Institute on a number of points, e.g. that the courses should be divided in such a way to enable the Institute to devote itself, on the one hand, to training an intellectual élite to undertake pure research and, on the other, to training executive personnel for Latin American planning agencies, central banks and related institutions.

/The report

The report clearly stated that the general pattern of research was satisfactory, particularly research on short-term problems, foreign trade and social aspects. The mission had been impressed by the development of the advisory services as a result of continuous contact with the actual situation and problems of Latin America. The fact that planning was viewed as a process based on different situations, was one of the aspects that had most impressed Mr. Mason, possibly because he was familiar with advisory services outside the region which had undergone the same experiences had not, perhaps, made such rapid progress in identifying the true nature of the problems involved.

The report had examined the different possible sources of financing for the Institute and had raised the question whether the Institute might not obtain additional funds, although such funds should never become main sources of financing, in order not to prejudice the Institute's freedom of action. Broadly speaking, the Institute's financing should be international in origin, so that it could operate independently of fortuitous sources of financing; nevertheless, consideration should be given to the possibility that part of the advisory services rendered to countries --particularly the richer ones-- should be covered by the countries concerned.

Of the suggestions made in the report, the first referred to the need to encourage an open-minded attitude and a constant testing of the Institute's position against other sources of opinion. In that sense, the mission considered that the Institute's spirit of self-criticism was its greatest ally, since it resulted in a constant improvement of its professional quality and enabled it to remain in the vanguard of Latin American thought. He personally felt that at the present time there was a kind of self-inhibition at work in international bodies, often imposed by political considerations which prevented them from giving their real opinion on certain matters. He therefore considered that the intellectual elite of Latin America should have increasingly high scientific qualifications in order to be able to speak out as they

thought fit and remain one step ahead of Latin American thought. With such qualifications, no one—either inside or outside Latin America—would ever be able to criticize them. That was why it was so important to maintain and strengthen contacts centres in the Latin American, European, African, North American and socialist countries, so that the Institute could propagate the thinking it had elaborated over a number of years and compare it with the experience of others.

Other suggestions made in the report referred to the need to concentrate on short-term problems and to support the work being done in the social field, the latter aspect being of great importance as an indication of what could be done by means of interdisciplinary effort.

Finally, the report suggested that the publishing activities should be given every encouragement, a suggestion with which the Deputy Director General and officials of the Institute were in full agreement. The Institute was known to produce an enormous amount of material but unfortunately that material did not reach the public, whereas it should serve as a vehicle for the Institute to be an influential factor in Latin American and world economic thought.

Summing up, he described the report as an extremely positive document, mainly because the opinions contained in it were expressed by people outside the Institute and because it was a means of making the independent impartial voice of the Institute heard in other intellectual centres.

Summary Record of the third meeting

24 February 1967 (morning meeting)

Present: Governing Council

Roque Carranza (Chairman)  
Alberto Fuentes Mohr  
Gustavo Guerrero  
Enrique Iglesias  
Sergio Molina  
Alfonso Patifo  
Manuel Balboa (representative of ECLA)  
Felipe Herrera (representative of IDB)  
René Montserrat (representative of OAS)

Institute

Raúl Prebisch (Director General)  
Cristóbal Lara (Deputy Director General)  
Jorge Alcázar  
Fernando Cardoso  
Ricardo Cibotti  
Francisco Giner de los Ríos  
Norberto González  
Benjamín Hoppenhayn  
Carlos Matus  
José Medina Echavarría  
Francis Shomaly  
Héctor Soza  
Osvaldo Sunkel

Inter-American Development Bank

Cleantho de Paiva Leite  
Alfredo Wolff

The CHAIRMAN declared the meeting open and, after a brief exchange of views, suggested that the Council should continue its discussion of the report on the Institute's activities.

Mr. Montserrat congratulated Mr. Iglesias on the report which he had presented to the Council at the previous meeting and said that he hoped that the Council would give renewed expression to its confidence in the Institute's work in order to combat the negative attitude held in certain quarters. The Institute's most important functions were that it should remain in the vanguard of Latin American economic thought, maintain a balance between long and short-term activities, propagate its ideas throughout the region and act as a center for training development planning personnel. It had other less central, but no less essential, functions, such as its advisory services, which were extremely valuable for the Latin American countries.

Commenting on the possible direction of the Institute's future work programme, he recalled the remarks that had been made concerning the existence of a certain disillusionment with planning. The first was of a cultural nature. There had always been a tendency in Latin America to seek solutions based on some kind of mystique, and so when the idea of planning was first propagated it was regarded as a panacea for all the region's ills and its scope and limitations were misinterpreted. Secondly, planning still had its opponents, many of whom had originally accepted it, since they had not grasped all that it entailed in terms of the functional reorganization of policy-making machinery and the greater influence wielded by the technocrats. Thirdly, the disillusionment with planning was due to the fact that too much stress had been placed on long-term planning, with the result that the planners had been unable to solve more important immediate problems. Planning had not given sufficient support to executives and policy-makers in defining policies and developing a constant flow of well prepared projects. To combat the first two causes, the Institute should give greater impetus to publicity, and to combat the third, it should continue to place more emphasis on short-term planning techniques.

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He had several suggestions to make regarding the Institute's basic activities. With regard to techniques for the preparation of operational plans, the first thing that had to be done was to draw up a number of simple, practical rules that would be of assistance to the countries. Although the Institute was already working in that field and was cooperating with the Chilean authorities in the preparation of an operational plan, the techniques in question were very complex and were not generally applicable in Latin America. There was a similar need for more emphasis on the financial aspects of short-term planning. As for the study of the development process, it was extremely important that attention should be concentrated on policies for controlling inflation rather than on an analysis of its causes and nature. In his view, that task was vital, not only because inflation affected the development process in several Latin American countries, but also because, in order to achieve the primary objective of economic integration, it was essential to coordinate the financial policies of the different countries. With regard to the research on marginal groups, he felt that the unemployment aspect should be studied in greater depth, particularly since experience had shown that in recent years practically no Latin American country had been able to achieve a satisfactory level of employment. In the field of integration, a commendable effort was being made to formulate criteria for the evaluation of multinational projects, and more should be done to improve the coordination of national and regional planning. Although the Joint ECLA/Institute/IDB Programme was preparing studies on the industrial sector, such studies were needed for other sectors, particularly agriculture, which had not yet been the subject of research by the Institute. Moreover, further study was needed on methods of coordinating what might be called "horizontal economic policies"—financial, social policies, etc.—in the different countries, with a view to their over-all coordination in the future.

With regard to the Institute's training activities, he felt that the present tendency to relate the courses to the specific needs of the various countries should be continued and intensified. Similarly, the courses should gradually be extended to cover the entrepreneurial sectors and, in general, all the key population sectors.

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The publications programme should be stepped up, in order to disseminate the results of the Institute's work and propagate certain ideas and concepts.

Recalling the remarks made by Mr. Prebisch and Mr. Iglesias to the effect that the Institute should adopt a more open-minded philosophy, he said that that was particularly important in the second phase of the Institute's activities, since not only would it mean that concepts could be adapted to suit the changing characteristics of Latin America, but would also counteract the opposition of certain sectors to the Institute's work, which he had referred to at the beginning of his statement. In his view, the task of formulating a philosophy was one of the most essential functions of the Institute.

As part of the opening-up process, the Institute should strengthen its presence both in the countries themselves and in international bodies. ICAP, in particular would provide a worthwhile field of action, since it contained many of the agencies providing technical assistance for Latin America. Recently FAO and the United Nations Special Fund had become members and IDB, IMF and AID had been members for years. Nevertheless, the Institute, which was a key organization and which had been expanding its advisory services since 1966, was still not a member. As ECLA was a permanent member of ICAP, it could perhaps open the way for the Institute to attend the meetings, particularly those dealing with the present situation and plans of the various countries. That would be very salutary for ICAP, which would benefit from the Institute's contributions, and also for the Institute, which would thus come into contact with national situations outside its present field of action.

Mr. HERRERA expressed his satisfaction at the fact that, from the point of view of the general debate and the pragmatic way in which the subjects had been considered, the present session had perhaps been the most useful to date. Both for himself and his colleagues, such occasions were extremely important, since they encouraged a fruitful exchange of ideas between people who viewed the problem of development from different angles.

He made a few general remarks concerning the links between IDB and the Institute and recalled that at the beginning of the sixties IDB was thinking of establishing its own development institute. However, ECLA,

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in the light of its own experience, had reached a similar conclusion regarding the need for such an institution, and IDB had finally decided to support its establishment under the auspices of the United Nations and ECLA itself. IDB was fully satisfied with its association with the Institute, as was shown by the fact that it was prepared to contribute to the second phase of the Institute's activities.

There were three main fronts on which the Institute developed its activities: training, advisory services and research. So far as training was concerned, IDB was pleased to note that there had been a considerable increase in the number of specialized personnel in its member countries, which greatly facilitated its work. As regards the advisory services, the work of the Institute had taken on a pragmatic character which had proved useful in cases which had formerly been insuperable, with the result that IDB had been able to start operations in new sectors and in certain countries where before it had been difficult to operate. Although in certain cases such joint work had not achieved the best results, that was because of the lack of economic policies rather than the limitations of the planning techniques, generally as a result of other circumstances which had proved an obstacle to organized planning. He wished to point out that the fact that the tripartite OAS/IDB/ECLA groups were no longer in existence did not mean that those organizations could not continue to cooperate in accordance with special arrangements. For example, the Dominican Republic had requested IDB to provide it with bilateral aid, and IDB was hoping that the Institute would take part in one way or another. With regard to research, he was pleased to note that the latest Institute studies had followed the recommendations of the Governing Council that research should be programmed not merely on pragmatic but on utilitarian lines, so as to link it more closely with an organization whose function was primarily operational. Another positive aspect of the Institute's work was its association with ECLA; although at one time it had been feared that the establishment of the Institute might create difficulties for ECLA, that had not happened. On the contrary, he had the impression that the Institute had benefitted

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greatly from ECLA's store of experience and from the joint work undertaken by the two organizations.

He had certain doubts about two things that had been said in the course of the debate. In the first place, he wondered to what extent a philosophy that was regarded as heterodox twenty years ago could still be regarded as such today, and he shared the view that sometimes heterodoxy was transformed into orthodoxy by dint of sheer repetition. In that twenty-year period, relatively few new ideas had been introduced and no progress whatsoever had been made in respect of problems to which much attention had been paid, such as, for example, the co-ordination of monetary and development policies. His second comment referred to the affirmations that the Institute was the "only" centre which was capable of formulating a philosophy of Latin American development. In his view, such affirmations bore little relation to reality, since the philosophy of development in Latin America was evolving on different fronts. Just as IDB had its own line of thinking which it had been propagating throughout the region, ICAP and its secretariat were approaching the problem from a different angle and the regional integration bodies also had their own line of approach. He felt that it was preferable that different centres should evolve their own philosophy of development and he suggested that the Institute should establish contact with those centres so that it could take account of their viewpoints in its future work.

There were two planes on which the Institute's work directly affected IDB. The first was the general effect on the member countries; since IDB was keenly interested in improving planning techniques and in the effect of those improvements on the financing of programmes, anything that would enrich their experience of the planning process would be welcome and would have a practical significance in IDB's financial work. The second was IDB itself, whose constant readiness to enter new fields was the result of the development of a conceptual basis—a long process in which the Institute had played a part. He felt that the work done by IDB in social investment, in the fields of integration, /higher education,

higher education, science and technology in Latin America, provided an intellectual stimulus that could guide the future activities of the Institute.

Commenting on the widespread distrust in the United Nations and Latin American regional organizations with regard to the duplication or proliferation of regional technical co-operation activities, he said that, although he had only seen a summary of the special report of the United Nations on that subject, his experience through direct contact with the member countries of IDB led him to believe that that feeling was even stronger in Latin America, since it was felt that the limited resources available were being spread too thin, without proper co-ordination and sometimes without sufficiently clear objectives.

One of the points that had been most at issue at the present session was the approach that should be adopted to planning, and he felt that the two points of view put forward—i.e. the need to strengthen the conceptual basis of planning, on the one hand, and to give it a more pragmatic approach, on the other—complemented one another. He thought that the Institute had done much to synchronize the two concepts, which was a very difficult task, since there was a constant need to emphasize one or the other, as needed. With regard to the promotion of planning, it was essential to continue to build up a kind of mystique of planning, but on a realistic basis, since in countries that were politically too immature to mobilize popular support for important community objectives, it was unlikely that the imagination of the people could be fired by development plans. Such plans would have the support of different sectors depending on the organization of the country and on the extent to which they contained important collective objectives. Even though, on balance, he thought that the part played by the Institute in planning in Latin America had grown considerably in the last few years, it could still not be regarded as satisfactory. The average Latin American did not immediately associate planning with the Institute, in the way that he associated agricultural problems with FAO and financial problems with IDB, for example.

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Although it would take a long time to achieve, the task was worth undertaking, and to that end he suggested that the Institute's programme should include visits to the Latin American countries and meetings with journalists, the private sector, trade unions and Parliaments, not only to explain the basic concepts of planning and present a clear picture of the Institute, but also to provide them with a regional public service and establish bases which would enable them to use such a service. Similar action could be taken systematically in the universities--where the Institute had great prestige--in the private sectors and even outside the region, by strengthening the links already established with institutes in Europe. He wished to emphasize that the advanced nature of the work being done in Latin America on development was completely unknown in Europe and in other underdeveloped regions, although the latter were keenly interested in Latin American problems.

He proposed to resume his previous practice at such sessions of putting forward ideas which might be useful for the future work of the Institute. With respect to integration, IDB had set up two bodies to co-operate in that process. One was INTAL, with which he was pleased to see that close ties had already been forged, and even closer collaboration might be instituted. INTAL was, for instance, the executing agency for five countries in a comprehensive study of the River Plate basin, in which the Institute might play an important part. The second was the Multinational Pre-investment Fund, created a few months earlier to assist the preparation of multinational projects, in many of which the Institute could also take part. The Fund proposed to finance the study of a telecommunications network for Latin America, and would be happy if the Institute were to act as a sort of business consultant for the discussion of particular projects. Through that type of collaboration it would consolidate its work at home, and also win prestige abroad thereby increasing its authority to deal with Latin American problems. The same considerations applied to national pre-investment as to multinational projects. As IDB was tending to give more over-all loans to countries, the Institute might well consider participating in local as well as multinational projects.

The Institute could make an important contribution to the development of agriculture by giving it its due importance but also fitting it into context of overall development programmes, and, above all, intensifying research on agricultural development oriented towards industrial growth, since industrialization was agreed to be the solution for Latin America. Research on industry had possibly been paying undue attention to steel making and to fertilizer and paper production and neglecting the small agricultural industries that could do so much to remedy the unemployment problem in Latin America.

While the Institute had made a great contribution to the philosophy of social development, IDB did not feel that it was paying sufficient attention to urban development. A good start had been made at the beginning of 1966, but the problem of marginality needed closer study.

Another question which fell within the Institute's sphere of action and called for detailed study investigation concerned external and internal capital movements. A study of that kind would be of great practical value for international organizations. At the present time there were no clear ideas on investment trends in Latin America. Assumptions were made on the basis of existing data, but a much more detailed and exhaustive study was needed, since there were striking discrepancies between the views of the different sectors and countries on Latin America's investment requirements.

He then raised two questions which were of concern to IDB and also came within the Institute's field of interest. The first was the technological gap. He considered that an economic and political study of Latin America's technological level in the world would be highly useful. Deep concern was felt by a number of sectors, including private enterprise in the United States which had become aware of that concern in the developing countries, lest the enterprises at an advanced technological level might take over the common market. In view of that possibility, a new economic policy approach should be sought to aid the formulation of a policy of technology or technological assimilation for

Latin America at both the national and regional levels. Seminars had of course been held on scientific and technological matters but the resulting documents indicated that they might perhaps have been on an unduly theoretical plane.

The second question, which he would describe as "managerial and institutional", was connected with the first. He understood that the Institute had concluded, in common with IDB—and ICAP—that one of the main causes for the failure of certain countries to achieve a satisfactory growth rate was their inability to adapt their institutions which had seemed—such an easy task at first sight. IDB's experience in that respect had been illuminating, since it had found its problems caused not by a lack of agronomists, market analysts or economists but of lawyers, administrators and managers.

Summing up some of his earlier comments, he urged the Institute to establish closer contact with ICAP and national and regional planning offices. One way of doing so might be for the ECLA representative in Washington to act on behalf of the Institute as well. However, he thought it preferable for staff members to be sent periodically to Washington to take part in the programme discussion and evaluation and then report back to the secretariat in Santiago.

He recommended the Institute to adopt a more forceful and businesslike approach to its advisory work. It was also essential for the Institute to project its image through its publications, especially as works on programming and planning were in great demand. The texts used, for instance, in the courses on project making, and the planning of education and of housing could be compiled and published (with the proviso that they were open to revision) in order to inform the staff of the executing agencies of the nature of a project, the way in which it should be presented and oriented and the bodies that should sponsor it, etc. He recalled that, at the last Council session at which he had been present, it had been pointed out, perhaps unnecessarily, that training courses should be completely objective in content, and again stressed the advisability of combining general subjects with a review of specific experiences.

Mr. MOLINA

Mr. MOLINA began his statement to the Council, but broke off in order to enable the members of the Council to witness the signing of the Plan of Operations of the Advisory Services Division of the Institute, which was to take place in the Chilean Ministry for Foreign Affairs. (Mr. Molina's statement is summarized in the record of the fourth meeting.)

Summary record of the fourth meeting

24 February 1967 (afternoon meeting)

Present: Governing Council

Roque Carranza (Chairman)

Alberto Fuentes Mohr

Gustavo Guerrero

Enrique Iglesias

Sergio Molina

Alfonso Patiño

Manuel Balboa (representative of ECIA)

Cleantho de Paiva Leite (representative of IDB)

René Montserrat (representative of OAS)

Institute

Raúl Prebisch (Director General)

Cristóbal Lara (Deputy Director General)

Jorge Alcázar

Fernando Cardoso

Ricardo Cibotti

Francisco Giner de los Ríos

Norberto González

Benjamín Hopenhayn

Carlos Matus

José Medina Echavarría

Francis Shomaly

Héctor Soza

Oswaldo Sunkel

Inter-American Development Bank

Alfredo Wolff

1. Review of Institute Activities in 1966 (continued)

The CHAIRMAN declared the meeting open and asked Mr. Molina, member of the Governing Council, to continue his statement, which had been interrupted in the morning meeting by the ceremony at the Ministry of Foreign Affairs.<sup>1/</sup>

Mr. MOLINA wished to make a few general comments based mainly on his own experience, without offering any new contribution to the discussion.

Although the prevailing idea seemed to be that planning had passed through a cycle of momentum and decline, in his view there had simply been a comparison between two different stages of the process. Planning had gathered momentum in its early stages, when it had been easy for the technocrats to reach agreement. The handling of new techniques enabled them to perform their work better and at the same time gave them power. The bureaucrats thought of those techniques as a new secret weapon for exercising influence, and politicians as an instrument for ensuring a fairly consistent approach. All that was on the plane of general ideas belonging to the plan formulation process.

The time had come to apply those general ideas specifically and to pass from the stage of plan formulation to action. What were the reactions of the three different groups in the second stage? The technocrats felt frustrated because they had regarded planning as a cure for all ills and it had not proved to be so in practice, since the securing of public support for a plan lay beyond the sector's own sphere of action. The bureaucrats were disillusioned because the plan imposed discipline and they were often required to reveal information which to many of them represented the key to power. Lastly, the politicians--particularly the most influential ones--saw their chances fade of obtaining appropriations of funds exclusively for election purposes.

Although those and other factors made the current stage of planning more difficult than the first, there was no reason to join in the general criticism: solutions should be found in order to secure public consensus

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<sup>1/</sup> A summarized version of Mr. Molina's complete statement is inserted here.

in the new phase. A point worth examining was that planners paid too much attention to perfection and detail in the preparation of plans. He thought that perfection should be sacrificed to timeliness. A global model which included the basic aspects of the sectorial programmes, the most important projects in each sector and clearly-defined policies would be extremely valuable in ensuring that government decisions were taken on a rational basis.

Another defect which he felt should be corrected if planning was to have more prestige was the frequent lack of contact between planners and the centres for adopting short-term policy decisions. He had, therefore, been glad to hear Mr. Matus emphasize the importance of preparing annual operational plans and of linking them with long-term plans.

A number of other factors had helped to mar the image of planning. For example, there was little contact between the specialist and the planner, a fact which was particularly noticeable in the case of public works engineers. The predominating importance of the financial sector and the want of co-ordination with the planning office was often a source of dispute and, consequently, of discredit. Another example was that false hopes were raised on the basis of unattainable targets, either because the plans were badly prepared or because the method of open plans was used in which each sector established its own targets without prior restriction, the resulting hopes being doomed to disappointment in the process of centralized consolidation.

An enumeration and systematic grouping of the difficulties confronted at the current stage might provide useful guidance in planning the work of the advisory groups and research and training activities.

He went on to indicate certain questions which required further elucidation and fuller attention from the Institute: the first was employment and technology. As a general rule, the developing countries adopted but did not adapt the technological advances achieved by the more progressive economies, which were characterized by a larger availability of capital than of labour. The situation altered in the Latin American countries

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and it was evident that the industrialization of agricultural production and the introduction of new agricultural techniques was resulting in a decline in the use of manpower. An avenue of escape from that trend, which was difficult to arrest, might be to accelerate the development of medium, small-scale and artisan industry, which could then serve as instruments for regulating employment.

He considered the subject as an area that had not been properly clarified.

Another question requiring attention was domestic saving. The factor that had hampered the development of the Latin American countries in the past was the weak and unequally balanced structure of their foreign trade. Nevertheless, it was observable that even when foreign trade conditions were favourable, the countries had failed to maintain an adequate rate of growth under reasonably stable circumstances because of their inability to generate the domestic saving to support it. The non-existence of capital markets, the inflation affecting many of the Latin American economies, the concentration of consumption in the higher-income sectors, and the huge unsatisfied needs of the remaining sectors caused any redistribution of income in favour of the latter to exert pressure on consumption and militated against an adequate rate of saving.

He considered that special attention should be devoted to the subject and that it was a matter of increasing urgency to devise a new type of saving machinery if more ambitious development goals were to be attained.

A third point would be foreign investment. As a result of the foregoing considerations, foreign investment often filled the gap left by the lack of domestic saving and of foreign exchange. Although such supplementary investment was necessary, in certain cases it might give an economic and political problem for both parties. The reason was that the problem had not been examined thoroughly and objectively enough to establish specific procedures for the treatment of foreign capital which would safeguard the interests of both the recipient country and the investor, and remove the issue from the realm of political discussion. In his opinion, that was

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now more urgent than ever in view of the prospects of accelerating Latin American integration.

Lastly, it was important to pay more systematic attention to the community's role in planning. Although it was impossible, in practice, to lay down universally applicable rules, he considered that the Institute staff, who were in touch with the various countries' planning activities, might draw some useful conclusions from them as a guide to establishing the best procedures and mechanism for achieving the community's real participation in the planning process.

Broadly speaking, he approved of the general trend of Institute activities. In briefly touching on a few issues, his intention was to draw attention to some points which had been a source of concern to him, so that they might be duly considered in future programmes of work.

Mr. BALBOA announced that the United Nations Committee for Development Planning, set up by the Economic and Social Council would hold its second session at ECLA Headquarters in April. The Committee, under the chairmanship of Professor Tinbergen, was composed of top-level world experts; it would consider two topics with a direct bearing on the work of ECLA and the Institute: plan implementation problems in developing countries and long-term economic projections. As the Committee was meeting at Santiago, it had decided to start its discussions with an evaluation of Latin America's experience in planning. The United Nations felt that planning had made far more progress in Latin America than in any other region, and recognized the importance of the region's modus operandi through multilateral machinery, which helped to study the plans and negotiate their external financing. Notwithstanding the curve that reflected the cycle of planning in Latin America—which had weakened in the last few years and left a sense of frustration—considerable progress was nevertheless observable from a comparison between the existing situation and that prevailing at the end of the previous decade: the idea of planning was now widely accepted and had permeated the Latin American and international circles which had formerly strongly opposed it. An example of that was the document prepared by economists from the International Bank for Reconstruction and Development (IBRD), which, in considering supplementary financing machinery, assumed the existence of national planning and of significant elements of programming at the /international level.

international level. Most countries of the region possessed some kind of planning organization, on a greater or lesser scale, and had prepared development plans; the technical calibre of planning officials had improved considerably; and appreciable progress was noted in the implementation of development policy, although perhaps it had not been uniform in all countries and the Governments were definitely slow in adopting the necessary decisions for providing policy instruments.

There was no question, however, that the enthusiastic hopes raised during the formulations of plans had often been frustrated by the major difficulties encountered in their execution. ECLA was preparing a study on the subject for submission to the United Nations Committee for Development Planning, which would also serve as a working document at its twelfth session, since the secretariat considered that the time had come for the Commission to devote its attention to planning problems.

Various internal and external factors had hampered plan implementation in Latin America. The former included: lack of political support for plans; technical and procedural deficiencies in their preparation; difficulties in incorporating administrative and technical planning machinery in the institutional structure of government bodies with decision-making and executive powers; the lack of genuinely short-term plans; the shortage of projects; the inadequacy of technical and statistical information; and the familiar shortage of skilled personnel. The main external factors were: the instability and lack of dynamic force of export earnings; the small volume of net transfers of external funds; the unsuitable conditions and high cost of external financing; and some aspects of technical assistance.

It often happened that planning systems had not been consolidated or plans could not be implemented because the relevant bodies had failed to adopt vital policy decisions that would make it possible to achieve the essential objectives of the plans. In a sense, the failure to provide appropriate machinery and to execute plans was due to their non-viability from the policy standpoint. That represented a very serious problem which

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concerned the responsibility of planners, and was likewise a delicate responsibility for the Institute and the secretariat of ECLA. The whole matter was directly related to the question raised by Dr. Prebisch concerning the viability of growth rates in the Latin American countries.

He recalled that Dr. Prebisch often said that planning institutions should adopt a completely independent intellectual and technical attitude in considering the viability of plans. Clearly, planners in developing countries could not confine themselves to preparing plans that were unlikely to meet with opposition. It was very difficult to visualize a practical way of establishing suitable machinery whereby society and the institutions and organs representing it could examine and adopt major development policy decisions. He nevertheless thought it necessary to promote action designed to imbue planners with a sense of responsibility and of their technical and moral worth, and to give planning bodies stability and intellectual and technical independence. Under those conditions, a planning process should be organized in which, as a first stage in conjunction with the diagnosis, planning bodies would present, in over-all terms, the alternative possibilities, development prospects and implications involved in major policy decisions. The alternative possibilities should be examined by the appropriate policy-making organs, with the participation of the community, in order to select the best possible programmes and give instructions for continuing the work of analysis and planning on those bases.

The second obstacle mentioned related to the way in which plans were prepared and to what he had called their technical deficiencies. In many cases, the first plans to be drawn up in the region had been the result of work undertaken by technical teams, with a high proportion of external assistance, which had adopted a centralized approach, dealing with sectoral issues without much intervention from Ministries or the decentralized units specifically responsible for the execution of plans and the adoption of decisions. Under those circumstances, when the plan was presented for implementation it naturally encountered opposition from those bodies. In many

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cases, that might well have been the most effective way of completing a plan in the shortest possible time. But recent experience showed that it was preferable to establish suitably decentralized machinery as early as the plan formulation stage, even if that meant some delay. Such a course would at least increase the chances of co-ordinated action at the stage of implementation.

Planning techniques were also closely related to the programme of work of the Institute and ECLA. He recalled that planning as such had been initiated in Latin America in the years 1959-60 and had been intensified in 1961 largely through machinery established under the Alliance for Progress. What was there at that time in the way of planning techniques for the use of Latin American professional planners? The answer was that the region had no experience in the matter and in general was ignorant of planning experience in other countries. The socialist countries had not publicized their own experience, and that was largely true also of the northern European countries, which possessed a wealth of practical experience and an academic centre of a high technical level. A little more was known about the Netherlands, but solutions and techniques applied in that country far from satisfied the particular needs of the Latin American nations. Consequently, those early plans were based on the "preliminary projections technique" which ECLA had established in outline in 1953 and had later supplemented by the input-output model. Therefore, Latin America could not be described as using sophisticated planning techniques which delayed preparation and hampered execution, because in fact they were essentially rough instruments which, as actually used, did not represent a genuine system of planning. He hastened to add that those techniques were and continued to be most useful in identifying the factors limiting economic growth, in demonstrating the scale on which action should be taken, and in guiding the formulation of development strategy. In other words, they possessed all the advantages that had already been explained in the country

studies carried out by ECLA before planning activities proper had begun. But there was a wide gap between the projections technique and planning analyses. The latter called for discussion and specific evaluation of economic and social policy measures, of the so-called instrumental variables and of the institutions required to attain particular development goals. It was precisely for want of such study in the preparation of plans, especially for immediate action, that many of them were inoperative. However, thought should be given to Mr. Molina's comments, which he himself agreed with wholeheartedly. It had often happened in Latin America that, even with the primitive projections technique, the preparation of plans had been excessively delayed. For example, too much time had been devoted to highly detailed long-term projections which could easily be dispensed with, or to extensive analyses which led to conclusions that were either obvious or could have been clearly demonstrated by a simpler method. In that respect, he considered that, with a few variations, Latin American planning systems might be devised on the following bases: diagnosis; the definition of over-all long-term targets and the analysis of basic development policy guidelines; medium-term programmes for the public and external sectors with more detail in establishing targets and specifying measures; and a short-term plan with adequately specified measures and practical projects, in particular for the public sector and important private sector activities.

In essence, planners should begin by programming their own activities, and trying to find the most efficient method of formulating, within a given space of time, the best plan possible in the light of the studies and data available in that period.

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He considered that by the very nature of its functions, and because the most efficient planning technique for use in the Latin American countries was still an unknown quantity, the Institute was bound to interest itself in the study of planning techniques in the foregoing context. During the past few years, while in Latin America the analysis of planning methods had not gone beyond ECLA's studies on traditional lines, remarkable work had been done in the field of theoretical and applied research in various world centres and the socialist countries had introduced radical changes in their planning procedures, techniques and criteria. If the Institute wished to attain the technical status suggested in the Mason report, meet the region's needs expeditiously, contribute to the progressive acquisition of technical know-how, and promote professional training for planning activities, it would unquestionably have to devote more attention to practical research on planning methods and techniques. Two schools of thought were currently taking shape with respect to planning, at the theoretical and practical levels. One advocated the integral approach to the formulation of plans and the selection of investment projects, while the other was in favour of proceeding by stages. If ECLA and the Institute had continued to study in depth and systematize the method of input-output projections and analyses as an approach to the study of planning, they would in fact have ended up precisely with the stage-by-stage procedure. On several occasions when he had had to explain ECLA's projection and planning techniques he had interpreted them in exactly that sense.

He hoped that his insistence on planning methods and techniques would not be misunderstood, and reiterated his assertion that in many

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cases methods could have been appreciably simplified without adverse effects on the value of the plans, especially in the early stages of the establishment of planning system, for the sake of more careful analysis of short-term measures. The aim of the over-all planning course which was given in the Institute under his direction was to inculcate in the participants an eminently practical attitude. One of the guiding principles on which the course was based postulated that in planning a sound diagnosis was more than half the battle. The fact that in some instances the most efficient methods had not been applied should not be allowed to detract from the importance of such technical studies for the Institute. The questions raised by planning in Latin America could not be answered without up-to-date information without knowledge of the new techniques that were being created and the simpler methods that were being advocated, as, for example, in the case of evaluation and selection of projects by means of what had been termed the "semi-input-output" technique. Another point to be taken into account was the technical equipment at the disposal of planners—electronic computers, for instance—to enable them to solve in a few minutes problems which had formerly taken up days of hard work, or which in practice it had been impossible to tackle.

More thorough study of economic policy measures was needed. For example, plans often included analyses showing that the savings coefficient ought to be raised from 10 to 15 per cent, without considering what institutional organization should be established and what measures adopted to attain that end..

ECLA and the Institute had continued to make headway in research whose object was to define the essential characteristics of development policy and clear-out ideas had been formed on many aspects of the question. But a start had not yet been made on systematic studies of the machinery and specific measures required for the implementation of development policy. There were a number of moot points in that connexion. What instruments should be established for the application of anti-inflationary policy in accordance with the conception prevalent in Latin America? What tax structures and wage policies were appropriate for incorporation in Latin American plans? What changes and new machinery should be introduced in countries in process of integration, like those of Latin America? How should integration policy be taken into account in national development plans? It was no easy matter to train professionals in that branch of economic policy. Technical training was needed, together with a measure of specialization and contact with reality, in addition to a keen interest in such studies. However, the Institute and ECLA would have to demarcate specific areas and levels of research for the purpose of exploring what was still unbroken ground in Latin America. He believed that ECLA, and to a still greater extent the Institute, were in a better position than in the past in that respect, because of this direct contact with actual facts and conditions through their technical assistance services.

There were other features of planning methods and techniques --especially where short-term planning was concerned--which deserved more thorough study, and in relation to which Latin America had little experience to draw upon. He was referring to annual plans, national economic budgets, and the reporting and forecasting machinery required for keeping check of plan implementation. He also mentioned the problem of the shortage of personnel, pointing out that the Institute had made a substantial contribution to training activities. He welcomed the suggestion

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in the Mason report that the bias and content of the courses on planning should be revised.

The external handicaps that had hindered plan implementation were all too familiar. It might safely be asserted that in many countries, despite internal shortcomings, the growth rate and the degree to which plans were implemented would have been appreciably higher but for the limitations deriving from the instability and lack of dynamism of export earnings, and from the terms on which external financing was offered.

With respect to work in the field of economic projections, it would be extremely useful if the international agencies were to prepare studies and projections of international trade prospects—especially for commodity trade—on the basis of different hypotheses with regard to changes in economic policy in general and trade policy in particular, so that country projections could be formulated in the light of such overall studies.

In conclusion, the ECLA secretariat viewed with satisfaction the Institute's conduct of its activities and the co-ordination and cordial relation maintained between the two agencies, and joined in the Council's congratulations to the Institute on its work.

Mr. PREBISCH expressed his interest in Mr. Molina's account of Chile's planning experience, and in Mr. Balboa's more general review of the problems. He invited the Chairman to report to the Council on what had been his experience in Argentina of late.

Mr. CARRANZA said that although he had nothing particularly new to add to the discussion, as the various speakers had dealt comprehensively with the planning problem, the inference to be drawn from all they had said was that, broadly speaking, the planning processes of the Latin American countries had many characteristics in common. It was clear that noteworthy progress had been made, even though certain defects were still in evidence, some questions had not yet been satisfactorily answered, and opposition was continuing to be put up by those sectors which felt that their interests were suffering. He stressed the extent to which the idea of planning had been gaining ground, and cited as an example the meeting recently held by the United Nations Development Planning Committee.

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On that occasion, although the participants came from industrialized and non-industrialized countries alike, and from the most widely different geographical and ideological areas, it had been obvious that the principle of planning was familiar and acceptable to them all. Accordingly, it was on the method of solving the attendant problems that agreement had to be reached.

Summing up the suggestions put forward by the members of the Council with respect to the channelling of the Institute's future activities, the Chairman first alluded to the problem of public relations. He thought that for the time being no radical change could be introduced in the existing procedures. But he emphasized the need to expand the Institute's contacts and relations, possibly by extending its course for trade union leaders to other sectors of the national economies, as well as by seeking the most efficient way of ensuring the rapid spread of its ideas. He also drew attention to the necessity of continuing to forge closer links between the Institute and the universities, whose non-participation in the planning process gave rise to serious problems, since they were, up to a point, the purveyors of the basic ideas commonly accepted.

There were two closely-related questions on which the Institute ought to concentrate its attention. The first was the difficulty of selecting short-term policies and programming methods, from the standpoint of reconciling the views of the various decision-making authorities which took part in the formulation of national economic policy. In other words, it was the problem of implementation techniques. The point was one of vital importance. Although with regard to short-term action a more or less rough method of establishing a measure of co-ordination between the planning and the decision-making agencies did exist, it was essential that more significant progress be made in that respect. The other question was that of human resources in the broadest sense of the term. Both where labour and where the entrepreneurial groups were concerned, without proper technical training, and in the absence of responsible leaders with a thorough understanding of industrial development problems, it would be very difficult to carry out even the most urgent tasks in that field.

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Basically, the meeting in progress had constituted a sort of informal seminar on planning problems, and he was glad that it should have been so; but he wondered whether in the future it would not be possible to take more systematic advantage of such opportunities for the exchange of ideas, so that they might be of positive value to the Institute. Although for the time being he had no specific proposal to put forward, he laid the suggestion before the Council, in view of the need for practical conclusions to be reached at its meetings.

Mr. GUERRERO referred to the experience and motives of concern of the Central American Bank for Economic Integration, of which he was the President. In the context of Central America's economic integration process, he mentioned the fact that when the area's industrial plans were being discussed by ICAP, they had been the object of a great deal of criticism, inasmuch as they had been drawn up on such individualistic lines that had they been put into effect an immense amount of installed capacity might have stood idle. Moreover, industries requested BCIE to grant financing for investments which in most cases had not been envisaged in the plans, and which, although the rate of return on them was very high, were of little interest for the area as a whole. The Governments, in their turn, failed to make allowance in their plans for certain requirements which might be of no immediate significance, but would become important in the future. For example, all along the Pacific coast--which in Central America was the more densely populated seaboard--agricultural activities based on cotton-growing were being established, while no reforestation programme whatever existed. The shortcomings in question showed, in his opinion, that despite the indubitable significance of the integration movement in Central America, much of what was being done was still of a purely local and national character. Too little was known of certain tools and material that might be useful in the formulation of the area's development plans; nor had the prospects for integration with the rest of Latin America been made the object of specific study. To aid in solving these problems, the Institute should devote particular attention to agricultural advisory assistance in Central America, and should also consider the possibility of analysing

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regional plans with a view to establishing priorities conducive to integration with the other Latin American countries.

Mr. PREBISCH considered that the proceedings of the session would be of great value for the guidance of the Institute's future activities. Of Mr. Herrera's suggestions, those relating to work on projects had interested him particularly, and on that subject he would like to hear the opinion of Mr. Hopenhayn, the Director of the Institute division concerned. From what the members of the Council had said, it was clear that the Institute should establish contact with all those persons and agencies that carried major planning responsibilities, so as to acquire as realistic a grasp of the situation as possible. Furthermore, he considered that action should not be concentrated solely on planning itself, but should be extended to the entire sphere of economic and social policy. For it was there that the deficiencies were making themselves felt, owing to a number of internal and external factors, of which the Institute and ECLA should make a more searching analysis.

With reference to planning techniques and to the points raised by Mr. Molina, technical experts had much to account for if they were unable to give a government immediate assistance by simplifying their procedures and performing certain basic tasks which would enable the authorities to conduct their activities and their economic policy on broader and more rational lines, while the plan was being formulated. A rational approach to planning techniques had not yet been completely worked out, as had rightly been contended by Mr. Balboa, whom he urged to finish the Manual that was awaited with such interest. It would be a valuable contribution to the series of publications already beginning to appear, which should faithfully reflect the Institute's activities, and which could play an efficacious part in spreading the ideas that it had been engaged in formulating.

Mr. HOPENHAYN related the Institute's activities in respect of projects to the suggestions put forward by Mr. Herrera at the morning meeting. The first field in which action had been taken was that of the training of personnel. There the innovation introduced consisted in the intensive specialized courses on project preparation and evaluation.

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They were based on case studies of specific projects on which work was under way in the countries where the courses were given. Furthermore, endeavours were made to draw in the officials responsible for the preparation of the projects in question, since they were generally likely to be in charge of others in their respective departments.

Secondly, a direct part had been played in the preparation of projects in individual countries. In 1966 those activities had been extended to Ecuador and Paraguay, in connexion with the agricultural sector, where the shortage of projects was particularly serious. Attention had not been focused on separate agricultural projects; instead, the integrated development of a given area had been considered as such, and what had really been done was to express an agricultural development programme in operational terms which were acceptable to the sources of external financing. By that means it was hoped to change the level and type of activity undertaken in the area in question, and to pave the way for improvements in production and in the living conditions of the population.

The Institute had also collaborated with national planning agencies. In Uruguay it had helped to design the institutional machinery for plan implementation, through the establishment or strengthening of project preparation and evaluation units in executing agencies, Ministries and autonomous bodies. Such units would no longer work in isolation, but would be co-ordinated by the planning agency itself.

Still in the field of projects, progress had also been made in research on special types of problems: for instance, the question of criteria for evaluating integration projects. It had not so far been possible to determine satisfactorily whether the criteria currently applied in the case of national projects held good for those of a multinational character. Although from the qualitative standpoint some discrepancies could be identified, the aim of the research was to translate such considerations—possibly on a numerical basis—into terms of quantitative project evaluation criteria. Guidelines would thus be laid down that would not only assist international financing authorities in evaluating projects, but would also help international planning or economic decision-making institutions, and multilateral integration

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agencies, to identify the projects that might be of major importance, either because they would create conditions in which the benefits of integration could be reaped (infrastructure projects, especially for transport and communications), or because they would enable advantage to be taken of progress in the field of integration policy decisions. Once the scope of the research had been clearly defined, it was hoped to secure the co-operation of other agencies (an agreement with INTAL and IDB had already been concluded), and it would also be of great interest to profit by the valuable experience of some of the instruments of the Central American Common Market, in particular the Central American Bank for Economic Integration. Another eminently practical piece of research would be to analyse the experience acquired in connexion with the Ecuador and Paraguay studies for the purpose of drafting a guide to the preparation of agricultural development projects, which might be of use to national agencies.

Steps were also being taken to supplement the United Nations Manual of Projects by accounts of new technical developments, such as the "critical path" method of analysis.

With regard to Mr. Herrera's suggestions that the Institute should take a more direct part in the work connected with IDB's Pre-Investment Fund for Integration and with preinvestment funds for the preparation of national projects, he thought the Institute's field work had equipped it with enough first-hand experience for that purpose. The form its participation was to take would of course have to be the object of fairly careful study.

2. Work Programme for 1967 (agenda item No. 5)

Mr. GUERRERO proposed that the Council should adopt not only the Director-General's report but also the programme of work for 1967, which had been prepared in the form of a programme budget. He suggested that the Director-General should transmit to Mr. Plácido García Reynoso an account of the discussion that had arisen out of his cabled comments on the two documents, which had been read at the ninth session.

The CHAIRMAN submitted Mr. Guerrero's proposal to the consideration of the meeting, and it was adopted.

3. Place and Date of Tenth Session (agenda item No. 7)

The CHAIRMAN put agenda item No. 7 before the members of the Council, and stated that Mr. Felipe Herrera, President of the Inter-American Development Bank, had invited the Governing Council of the Institute to hold its tenth session at the headquarters of the Bank in Washington.

After a brief exchange of views, accompanied by expressions of appreciation of the offer, it was decided that the invitation should be accepted and that the Deputy Director-General, in consultation with the Chairman of the Governing Council and the IDB authorities, should in due course fix the date of the session and proceed to convene it.

4. Vote of Thanks and Congratulations to the Institute

The CHAIRMAN submitted to the Council the following text, which was unanimously adopted:

"At the close of its proceedings, the Governing Council declared that in 1966 the activities of the Institute had evolved on sound and intensive lines which had been reflected in increasingly valuable and significant contributions to the development and planning efforts of the Latin American countries.

"The Governing Council has pleasure in thanking the Director-General, the Deputy Director-General, and the staff of the Institute and offering them its congratulations on their work."

The CHAIRMAN thanked the members of the Governing Council, and the Institute officials present at the meeting, for their participation in the proceedings of the ninth session, and declared it closed.

Faint, illegible text, possibly bleed-through from the reverse side of the page. The text is arranged in several paragraphs, but the characters are too light and blurry to be transcribed accurately.