

LATIN AMERICAN INSTITUTE FOR
ECONOMIC AND SOCIAL PLANNING
Governing Council, 7th Meeting
New York, 16-17 December, 1965

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SUMMARY RECORDS

SEVENTH MEETING OF THE GOVERNING COUNCIL
THE LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

New York, 16 and 17 December, 1965.

Provisional summary record of the first meeting

16 December 1965 (a.m. session)

Present: Members of the Governing Council

Plácido García Reynoso (President)

Roque Carranza

Alberto Fuentes-Mohr

Gustavo Guerrero

Enrique Iglesias

Alfonso Petiño

Felipe Herrera (IDB Representative)

Walter Sedwitz (OAS Representative)

Carlos Manuel Castillo (ECLA Representative)

Institute Officials

Raúl Prebisch (Director General)

Cristóbal Lara (Deputy Director General)

José Medina Echavarría

Norberto González

Ricardo Cibotti

Oswaldo Sunkel

Carlos Matus

Francis Shomaly

IDB Officials

Cleantho de Paiva Leite

OAS Official

Angel Palerm

Opening the Seventh Meeting of the Governing Council of the Latin American Institute for Economic and Social Planning, Dr. Plácido GARCIA REYNOSO, President of the Council, welcomed the members, especially those attending for the first time, whose experience and ability would be a valuable contribution to the Institute.

He immediately requested a minute's silence in homage to two important Institute collaborators who passed away during 1965, Mr. Julio Melnick and Mr. Jorge Ahumada.

1. Provisional Agenda

The PRESIDENT submitted the provisional agenda for the meeting's consideration. The agenda was adopted.

2. The Director General's Report on Institute activities

The PRESIDENT commented on the work carried out in the course of the year about to end.

He warmly congratulated the executive staff of the Institute and its experts on their work. The Institute was moving ever more firmly towards the fulfilment of its objectives.

He noted that as a result of research conducted up to the present time, six volumes would be published in 1966, but four of those were in the final stage of editing. During 1965 the courses had been rearranged to improve teaching efficiency and adjust them to the development and planning conditions of each country. It was also satisfactory to note that its influence had been felt, according to the Report, in the universities with a view to modernizing teaching in economics and adapting it to the needs of national development. With regard to training there had been a tendency to examine with greater care those problems creating a need for operative viability in development plans, and with regard to research, where stimulating progress was to be observed, the means and effort had been concentrated on economic integration and national development plans. The first stage work on the possibilities of a regional import substitution programme to alleviate the external bottle-neck affecting Latin American growth - has been completed. With respect to

/this work

this work he congratulated the Research Department of the Institute and felt that the paper, especially at the moment of its official publication, would make a significant contribution of considerable practical utility since it showed how this import substitution programme - which, it was claimed had exhausted its possibilities in some of the larger Latin American countries and was about to do so in others - had a wide field of action through integration, and every possibility of continuing effectively to constitute an excellent instrument for speeding up development.

He then summarized the Director General's report, specifically commenting on each section:

the economic research programme, the joint programme for industrial development, advisory activities, the social programme, and finally the Seminar on Planning.

With reference to the wishes of the Institute - as indicated in the Director General's Report - to bring teaching and research closer to real conditions in Latin America, especially concerning the process of economic integration, he mentioned two recent events: the Conference of Ministers of Foreign Affairs ALALC and the Meeting of Ministers of Foreign Affairs in Rio de Janeiro. At the ALALC conference a series of measures had been approved at the highest political level which might in the near future bring about the establishment of a Latin American Common Market. He therefore hoped that the Institute would offer its technical assistance to ALALC, so that the Association could prepare concrete action in the fields of trade negotiation and industrial cooperation.

This appeared to him to be of considerable importance since among the decisions taken at the recent Inter American Conference in Rio de Janeiro emphasis was laid on the need for the existing economic integration agencies to coordinate their activities so as to bring about the earliest possible establishment of the Latin American common market. It was further stressed that national development plans should take into account the wider market which would result from regional integration. In view of those declarations and exhortations the Institute had even greater

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responsibility in the task of achieving real progress in Latin America in the matter of combining national planning with regional integration.

Dr. PREBISCH thanked the President for his generous congratulations, and pointed out that they should mainly be extended to Mr. Lara and his staff who had had chief responsibility for the Institute. For known reasons, his own responsibility had been limited to periodic visits to Santiago, which had made it possible for him to follow the work of the Institute very closely. He had been pleased to observe that the Institute was reaching a state of maturity which gradually would enable it to produce more positive results. He believed that since the methods stage had already been passed, although there remained much to be done, the efficiency of the functions of the Institute, both in training and in advisory services to governments, would depend in an increasing degree on its attitude to the diverse and complex aspects of economic and social conditions in Latin America.

He felt that in spite of the advances which had been made, there were still many gaps to be filled concerning knowledge of planning experience in the different countries of the region. That knowledge was essential in order to bring the training courses into closer touch with reality. In that sense, it was urgent to move forward in relating intermediate or long term plans to the immediate economic and financial policies of accounting. That relationship had not yet been properly defined by the Institute and offered a most interesting field for research and discussion. Even when suitable solutions were reached in that field, which took into account the phenomena of developing countries, penetration had still not been achieved in the cycle and in anti-cyclical policy. Anti-cyclical policy in Latin America should be linked with the policy of economic development. While there was good reason for new external measures to reduce and offset fluctuations, a series of internal measures were also needed which have not yet been studied in depth and offered unattractive field for research producing positive results.

The Director General noted that as a result of a resolution on

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supplementary financing presented to the UNCTAD Conference by the delegations of the United Kingdom and from Sweden, the World Bank had recently presented an extremely constructive paper to the United Nations which took the concept of planning as its basic premise. He considers that document to constitute a powerful external incentive to continue the work of planning since it represents a recognition of the essential need for planning.

He then made some brief remarks on the advisory groups. He pointed out that it was up to the Latin American governments to judge how useful they found those services. From the standpoint of the Institute, however, the advisory groups constituted a valuable source of knowledge since it was one of the ways in which the Institute could learn more about the real conditions in countries and how to overcome the problems of an operative nature which arose in planning. He would appreciate the comments of Mr. Iglesias on the matter, in view of his knowledge of the work of the Advisory Group in Uruguay.

Referring next to the social aspects of development, he corroborated the opinion of Mr. José Medina Echavarría that work was still in its very early stages, with some general ideas but little knowledge of real conditions in Latin America. He believed that the subject offered an attractive area of research. The Director General stressed UNICEF'S valuable contribution in filling posts for experts in that field.

He expressed his appreciation for the collaboration of the other international institutions, specifically PASB and UNESCO, with whom joint educational programmes in health and educational planning were being carried out. In planning for the educational sector, perhaps the weakest point was that the problems of Latin America had not been sufficiently investigated; there was a large gap to be filled. Failure to do research had not been due to a lack of a clear appreciation of the need for it but because of limited resources.

The Director General was pleased to inform the Governing Council that the texts of the studies which has been prepared would soon be sent to the printers. He realized that the work had taken longer than expected, but

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the delay was due to the desire to check the content as much as possible. The idea of issuing publications has given rise to another, which was to publish a magazine based on the material periodically received. Its purpose would be to provoke among authorized circles in Latin America discussion on the new research subjects, studies and the experience which was being gained.

He pointed out that an examination of the work of the Institute revealed the progress and degree of maturity achieved. There was a very definite awareness of its shortcomings together with a firm determination to remedy them. It would be most useful for the staff of the Institute if the members of the Governing Council would help to pinpoint those shortcomings and indicate what should be done to correct them.

In view of the statements made by Dr. Plácido García Reynoso and by Dr. Prebisch, Mr. LARA did not consider it necessary to review the past and future of the Institute; he would prefer to offer some ideas to the Governing Council on the significance and importance of the work of the Institute since its establishment.

The Institute had been set up at a time and had begun to operate in a field - that of planning - which in Latin America was known in its most technical and methodological aspects but which had not yet had the benefit of a test period. The task of the Institute was to sort out the views previously put forward by ECLA and by other organizations and professionals, so as to reexamine and project them and to try, as far as it could, to contribute to the advancement of planning in the countries. That available technical instrument had proved narrower than expected and the Institute had thus had to broaden its activities. In doing so, it had in 1962 introduced two courses - educational planning and health planning. That had been the first step taken by the Institute to associate itself more closely with social problems, although still at a sectoral level within the broader social field. That step, exclusively limited to training, had been followed by the first few ideas on social research. Research had been undertaken not so much as specialized study in the social field,

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but as development research in which the social factor loomed large. He pointed out that the linking of the social to the economic required a degree of appreciation of real conditions to which neither economists nor sociologists were accustomed. It meant working with magnitudes which were not easily expressed in figures and demanded a firmness and conviction as to what was being sought through that research effort. Its purpose should be to contribute useful elements of judgement in the formulation of plans on the so-called socio-economic balance. There was no clear concept as to the criteria to be applied. That lack of knowledge had led to certain prejudices, the view being taken that social investment could be deferred while economic investment was what was needed to achieve progress in a country. There were grounds for challenging that assumption and for asking whether the precariousness of social conditions could not constitute a point of suffocation for the whole system, including the economic. Those were important questions for which there were as yet no answers, although one acted as though there were. The Institute research, the first part of which was being presented to the Governing Council, should contribute some solution to that type of problem. Less attention had been paid to social development insofar as advisory work was concerned.

On the other hand, the Institute today was facing needs derived from the application of plans already formulated. To meet those needs the Institute's activities had had to be further broadened towards a series of sectors and elements which had not been taken sufficiently into account. The case of natural resources was an example of that kind of problem. Plans were made with total disregard for the existence or absence of natural resources and on the other hand, research into natural resources was developed with total disregard for the process of economic development and plans. The Institute had no desire to contribute techniques for studying natural resources because that would be outside its functions. Moreover, there were many institutions which could do it much better, but it was to be hoped that it could help to establish criteria, and submit points of view likely to contribute to the formulation of a development

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policy for natural resources which would be related to overall development policy. The substantive cooperation offered by Resources for the Future, Inc., justified confidence that the Institute could achieve those results.

Another field in which it was necessary to expand activities towards new aspects is that of linking short term policies with the development plan. The Institute was co-operating with the Chilean Government in research on monetary policy. Activities would also be broadened in still other fields.

He explained that as the number of lines along which the Institute was working increased there was clearly a greater need for providing it with direction, and guidance in respect of the various programmes. At the end of 1965 the Institute found itself at the stage of converging all these activities since they established a series of common points of reference. Subjects touching on the interpretive synthesis of the social and the economic, the subject of integration which was not a consolidated element but a changing one and also unknown in the plans, and the permanent continual analysis of the advances of planning and the problems which were to be found in Latin America constituted major points of reference for all activity on the part of the Institute.

Being in the converging stage the phase had hardly begun in which the Institute worried, not so much about its own activities but about discovering the extent to which they approximated to real conditions in the countries. The Institute no longer asked whether Course A or Course B had been good. It did not do so not because it claimed that they were always intrinsically good but because that was no longer the main issue, even in the field of training. The most important question was whether or not a course left its mark in a country. The course might be excellent from an academic standpoint and yet, for a variety of reasons, fail to bear any tangible relationship with real conditions in the country. Those considerations could also be applied to the other sectors of the Institute's activity. That phase, of achievement, was shown also in the scope with which some

/two years

two years ago the programme had associated itself more closely with the universities. It was obvious that the Institute accepted adults; its action is slow and it accepted a small number of adults. All in all, and in spite of the fact that there had been thousands, it was still a small number of adults for twenty countries which wished to introduce the planning process and it is evident that the action of the Institute would be much more successful if in some way it could manage to influence economic study programmes in the universities. The problem was one of resources, because when the converging phase was not an elimination of activities phase, the activities converged but there were still many of them. Nevertheless, the importance attached to such action at the university level was so considerable that the Institute had decided to establish a permanent programme. It was a programme of cooperation where the Institute contributed its opinions, not in order that the schools of economics might become schools of planning but so that they might modernize.

Bearing in mind the final purpose of the Institute's activities it had been decided to include, in the programme for the following year, ten fellowships for post-graduates to be paid for out of the institution's funds. The fellowships would be granted to the best students so as to allow them to continue working in the Institute not as students but as research assistants, assistant professors or in the advisory groups. They would thus complete their training.

To make the work of the Institute even more effective thought had been given to the publication of a magazine which would be in the nature of a publication in which new ideas would be thrown out, designed to provoke argument and solicit suggestions. It would reflect the views of the people working in the Institute and of those connected with the work of planning in Latin America. It would also serve to keep ex-participants in the courses in contact with each other and with the line of thinking being followed in the Institute.

The Institute was proceeding with its publication programme, and the text on Industrial Programming was about to be published, as were the texts

on Social Accounting and Budget Programming. Also ready was Mr. José Medina Echavarría's work entitled "The Philosophy of Development" and the analysis of the discussions held in Santiago during the Seminar on Planning in July 1965. The latter did not really constitute a single text but a series of experiences and personal opinions reflecting much concern for the social, political and economic integration aspects, in so far as they related to planning.

After a period of study and internal consideration, the Institute, ILO and ECLA had decided that a special course for Latin American trade union leaders was needed. The course, which would begin in the first semester of 1966, was partly in response to the request from ECLA and other organizations that the working sector should be associated with the formulation and implementation of development plans; it would place the Institute at a level of action with the private sectors, which could be maintained in the future with the inclusion of entrepreneurial sector.

Finally, on the question of priorities he said that after its first few years of existence the Institute's achievements were clear but -- and that was the crux of the problem they constituted only a small part of what was required. Much remained for the Institute, with very limited resources, to do. That led to the question as to where, in its work, the Institute should place the greatest emphasis. The convergence stage already referred to partly answered the question, which must continue to command the attention of the members of the Council and the staff of the Institute.

Mr. DE PAIVA LEITE transmitted the good wishes of the Inter American Development Bank to the Governing Council on the occasion of the present meeting, and particularly to those members of the Board who were participating in the discussions for the first time.

3. Training Programme

The PRESIDENT asked Mr. CIBOTTI to introduce the third item of the agenda.

The Director of the Training Course stated that in his presentation

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he intended to analyse what could be called the characteristics of the Training Programme and before giving details on the work programme carried out in 1965 and the work programme for 1966.

Since 1952, when the courses had been ECLA's responsibility, until the present time the most outstanding characteristic had been the steady broadening of its sphere of action, as reflected first in the number of participants and secondly, in terms of specialized subjects and training methods. That was due to the fact that the aim was to extend knowledge of planning to the greatest number of people and countries possible in Latin America.

After 1961 in the Basic Course in Santiago the so called specialized subjects were introduced. It was an attempt to answer the needs of the planning processes in Latin America.

In 1962 the special courses in educational planning were introduced in collaboration with UNESCO, and in health planning with the Panamerican Sanitary Bureau.

From that year onwardly the intensive courses had been made more specific, thus ceasing to be of a general nature. Mr. Cibotti quoted as an example the Central American intensive courses in which particular attention had been given to public sector programming and industrial programming and Mexico where specialized courses had been given on agricultural programming and public sector programming. In the Peruvian course emphasis had been placed on administrative and budgetary problems and in two of the three courses in Brazil regional planning had been introduced. It was to be noted that that was what the countries expected of the Training Programme.

In 1964, the Programme had begun to collaborate with the universities, a fact which might be of importance for the future. That had begun with the University of Concepción (Chile) when they approached the Institute to request its cooperation in reorganizing the study programmes of its School of Economics. In that work there has been a departure from the basic idea that the fundamental aims of transforming

/the study

the study programmes of a school of economics must arise from the school itself. It had been felt that the Institute could provide a view of the problem as it would appear to an economist in Latin America and the way in which the graduate professional from the school should carry on his activities. New study programmes would thus emerge which they themselves evaluated.

That first official experiment was extremely valuable for the Institute and there were requests for similar cooperation from seven or eight Latin American universities. At the present time assistance was being provided in the establishment of the School of Economics of the National University of Engineering in Lima and in preparing the laboratory work of the School of Economics of the National University of Montevideo.

A qualitative modification introduced into the Basic Course had been a change in the system of teaching. The system of the English universities had been adopted, the course being divided into three terms. In the first term subjects of basic knowledge and instruments were taught; in the second, subjects which a planner should know, e.g. economic policy and development, and the third term consisted of specialized subjects.

Another important element in that qualitative change had been the continual and permanent incorporation of the Institute's research results; those worth mentioning were the results of the social research work which had made a valuable contribution to the Training Course.

Finally, Mr. Cibotti wished to refer to the experiences of an educational planning course in Buenos Aires. That course, from the point of view of the Institute, meant making contact with the real educational conditions of the country. It had thus been possible, through diagnostic and programming exercises applied to data and problems of a certain country to train participants in the application of theoretical and methodological principles,

That experiment has prompted a similar course for the Central American area to be held in 1966.

Mr. Cibotti hoped Mr. Roque Carranza would give his impressions on the

/Intensive Course

Intensive Course in Buenos Aires.

With respect to the Health Course, Mr. Cibotti wished to deal with it in the afternoon session when Dr. Abraham Horwitz would be present.

In concluding, he made a brief reference to the type of demands which were made of the Training Course. First, there was a changing and dynamic demand produced by the planning process itself. At the present time, for example, over-all planning was not enough, and activities had to be broadened to include sectorial, economic and social aspects. The problem of integration also imposed its demands. Furthermore, the technical level of the participants had risen considerably and they were now arriving at the Institute well aware of many of the things that previously had been taught in the Course, which meant that the Training Course must adapt itself to this new basic knowledge derived from the universities.

All that indicated that concern was being shown by the Institute, and that as new subjects appeared an attempt was made to incorporate them into research as matters of intellectual concern until, at a given time, they became part of the teaching function.

Another matter of concern, and one of the characteristics of the course, was that of the efficacy or operativeness of the Programme. There was no research into the future career of graduates of the course or of the functions they performed, but it had been possible to see, by means of the morograph which each student had to present at the end of the course, that they possessed a sharp critical sense from the point of view of their countries and were always translating whatever was taught in the courses in terms of real conditions in their countries, which showed to some extent the operativeness and success of the programme.

Mr. ROQUE CARRANZA said that he would confine himself to putting forward the point of view of the Argentine Government on the Educational Planning Course carried out in Buenos Aires. That opinion included an evaluation of the course and also some suggestions or reflections which he felt could be useful as guidance for the Training Programme.

The course had been important because it had its effect. Firstly,

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because apart from its academic or teaching value it had produced a reaction at the level of the executive planning organization in the provinces. The latter had requested additional advice from the Institute in the organization of educational planning because of the impressions passed on by their representatives attending the course.

He dealt next with the problem mentioned by the Deputy Director General relating to the location of resources which should be given in a development plan to the social sectors. The problem, together with the beneficial results of the course, led him to believe - although he would not advance it as a proposal - that perhaps it would be worth while repeating the experience in Argentina, but with a Health Course. It was to those two sectors, education and health, that the majority of the Latin American countries allocated considerable resources which had a low return, and an attempt should be made to improve them.

He insisted on the need to specialize the intensive courses even more so as to deal with specific problems. That need arose from the operative practical task of commencing a development plan, which Argentina's experience has shown.

As a result of that need the Argentinian Government had held two intensive courses of projects for staff of public administration and State-owned concerns, and it planned to commence in 1966 what could be called a budget administration course to introduce techniques of budget programming.

In conclusion, he expressed the Argentinian Government's appreciation to the Institute for its assistance in the Educational Planning Course which had been arranged in collaboration with UNESCO, and also to the Inter American Development Bank and the Agency for International Development for financing fellowships which had made the participation of foreign students possible.

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Francis Showler

OAS Official

Angel Palermo

Pan American Sanitary Bureau

Abraham Horwitz

The meeting opened with the election of the President and Vice-President of the Governing Council of the Institute.

Mr. Plácido García Reynoso was re-elected President and Mr. Roque Carranza was elected Vice-President. Both members of the Governing Council expressed their gratitude for their election.

3. Training Programme

The PRESIDENT offered the floor to Mr. Cibotti to continue speaking on the Training Programme.

The Programme Director wished to begin his presentation by referring to some aspects of the training course in 1965 when its activities had centered around the Basic Course, eight intensive sources and two special courses, with a total participation of 546 students. AID, IDB and UNESCO have lent financial assistance for the special courses.

Apart from that which had already been spoken of in the morning meeting he wished to mention two important points. One was the importance which the Basic Course had had in the Seminar on Planning in the sense that participants in the Seminar had given special talks to the students and then the conclusions of the Seminar had been systematized and on that basis a course for fellowship holders had been held. The other aspect was the start of collaboration with the IMF, an official of which had given a course on financial policy.

Mr. Cibotti then gave the results of the Tuesday meetings. After talks among the teachers and in view of the many different and specialized subjects the need arose to correct or remodel some aspects of the Basic Course in 1966. From this resulted the idea of incorporating subjects on the reorganization of planning and economic integration. Apart from these subjects foreign trade and financial monetary policy would also be introduced in 1966. All these had been covered within other subjects in the course but for academic reasons it was decided to separate them. They would be introduced during the second semester and thus there would be time to prepare a programme fulfilling the demands of the course as far as quality was concerned.

/Mr. Cibotti

Mr. Cibotti then repeated what had been stated by the Deputy Director General on the additional training which would be given to the best fellowship holders of each year, including in-service training.

Moreover, he informed the Board that in 1966 only three specialized subjects would be given: general planning, industrial planning and budget programming.

During 1966 work would be started towards achieving greater specialization in the intensive courses, because it was felt that the dissemination of general knowledge on economic development problems and programming techniques could no longer be justified. It was intended that these short courses should have well defined objectives so that they might give more useful and operative results.

To the two already traditional special courses on education and health, the first of which would be given in Central America next year - were to be added the Course on Housing Planning, in collaboration with ECLA and IDB, and a course on Economic Development and Planning for trade union leaders, which would be given jointly with ILO and ECLA. The fundamental objective of this latter course was to familiarize the participants with the present position, prospects and main problems of Latin American economic development and with the planning processes, and at the same time, jointly to analyze with them the connection or participation of the workers in the preparation and implementation of plans. The course would be given in Santiago and would last six weeks.

Commenting on the Health Course, he said that it was of a very special nature since it was based on a method. This method was designed by officials of the Pan American Sanitary Bureau and CENDES and had already been used in various countries. Its feasibility was proved by work carried out in Chile, Peru and El Salvador. That constituted a factor differentiating it fundamentally from the educational course where the methodological aspect still created a problem. Nevertheless, in spite of the fact that the health course was among those which had advanced farthest, a way to link development plans with health plans still had to be found.

/A point

A point that had commanded considerable attention was the fact that this methodological process was limited by the type of development experienced by the basic disciplines on which that planning rested, i.e. epidemiology and health medicine in general.

He believed that it would be very useful to carry out inter-disciplinary research in order to establish the points of contact required for the linking of health planning with development planning.

He yielded the floor to Dr. Abraham Horwitz.

Dr. HORWITZ expressed his gratitude for the excellent association between the Pan American Sanitary Bureau and the Institute, an association which he would like to see strengthened and expanded, experience having indicated that this was necessary.

Complementing what had already been said by Mr. Cibotti, he informed the Council that the 1965 health planning course was the fourth to be carried out since the signing of the Punta del Este Charter and a total of 270 officials had been trained, the majority being doctors.

It must be noted that, naturally there had been some weaknesses. One of these was in reference to the figures. More than ever before it had been seen that vital statistics and health statistics were insufficient and unsatisfactory, that registration was inadequate and that in many countries their interpretation was non-existent. Another was in the organization and administration of the services, taking into account the fact that from one country to another investments of the national health budgets fluctuated between 2 per cent and 15 per cent.

Dr. Horwitz also felt that there were some gaps in the methodology that had to be investigated. He believed that methods must be established to measure the social effects of health planning. For this reason he reiterated the desire to intensify collaboration with the Institute so that those governments so wishing might, in 1970, have the first draft of a national health plan, or those which had one already might have a second or third readjustment or evaluation.

/He wished

He wished to point out that it was evident that in the majority of the health ministries the need for planning had increased and taken root and that this had been possible due to the generous collaboration which the Pan American Sanitary Bureau had always been able to rely upon.

Nevertheless, he felt that to be able to increase the programme, especially in respect to research, it was necessary to widen budgetary possibilities, and discussions had been commenced with the United Nations' Special Fund in agreement with the Institute.

Mr. FUENTES MOHR took the opportunity to congratulate the Director General on the report presented to the Council, since it reflected the stage of maturity which the Institute had attained.

He felt that it was the field of training which had been most successful in the Latin American countries. Referring to Central America he pointed out that if there had not been available a group of people trained by the Institute, or prepared by means of the intensive courses, it would have been difficult to make the planning effort which had been made up to the present time. In spite of the many deficiencies which were still to be seen with regard to personnel working in planning in Central America, in the central offices, in particular, the mainstays of planning were people who had been prepared in the Institute and who had maintained an interest in the work of the Institute, following in their methods the methodology of the Institute. Nevertheless, there was an important problematical aspect. It was that through this training, in actual fact, what was available was a good group of operators. The stage had not yet been reached when a group of people was available who could assume real leadership in planning and have a definite influence on the daily economic policy decisions of governments. He believed that there was still a no-man's land, as it were, between policy decisions and those of the operators and the plans of the operators. What happened under real conditions was that there was no adequate link between those two stages in the planning process. To his way of thinking that link could be formed if in the future the Institute could concentrate to a certain extent on the training of personnel whose work would extend well beyond merely operative activities. To

/that end

that end he proposed a possible method. At the present time the intensive courses provided a supply of operators at the intermediate level and that must be maintained. The basic course in Santiago provided a supply of operators at a much higher level which must also be maintained. Some other way must be found to create working teams more linked to these leadership activities.

The Institute was already taking some steps in that direction; for example it could be seen in the report that it was thought that the elite of the Basic Course graduates could remain in Santiago for a longer period of time in order to discuss basic questions with Institute personnel which might make it possible for them to handle other kinds of problems distinct from operational ones. He suggested that graduates from the course in Santiago who might have spent several years working in their own countries or others who had actively participated in the planning functions in each of the countries, could meet in Santiago in a kind of lengthy seminar to discuss aspects of economic policy, strategy, and development in the light of their own experiences in their countries and in the light of what the Institute official thought. On the one hand the type of leadership already referred to would be created and on the other hand, he felt that it would greatly benefit Institute personnel to be in contact with real conditions in the Latin American countries. The officials participating in those seminars would in fact support the work of the Institute.

Mr. Fuentes Mohr then referred to the great practical utility of the intensive courses carried out in Central America. Due to those courses a large number of people had been prepared in different specialized subjects in a relatively short period of time. He believed that the courses filled the needs of the Central American countries and he wished them to continue annually.

The President called on Dr. WALTER SEDWITZ of the Organization of American States. First, Dr. Sedwitz offered the best wishes of the President of the Inter-American Committee of the Alliance for Progress, Dr. Carlos Santa María, to the members of the Council and indicated his interest and desire to continue collaborating with the work of the Institute. Then he sincerely congratulated the Institute for the progress achieved over the last few years.

/Dr. Sedwitz

Dr. Sedwitz mentioned the specific points to which he wished to make reference. He began with manpower planning and indicated that the most recent analysis made by C.I.A.P. indicated that little had been achieved in Latin America in that field. In spite of the fact that it was known that manpower planning was included within the Institute's training programme, he asked what incentives could be found to give greater attention to that very important subject since he felt that the proportion of students specializing in that field was small.

He informed the Board that the opinion of the international institutions which participated in examining the economy of a country, was that the first stage of economic growth would depend not on the financing of development but on the possibility of training the labor force and planning so that the projects and programmes might be carried out.

Another point was the organization of a course on foreign trade. He considered that the subject was important at the present time but that a course of that nature should not only cover international economic theory but also the problem of world trade policy.

With regard to the planning courses for trade union leaders and the courses in housing planning, he would like the Institute to keep in contact with OAS so as to coordinate their points of view and their experiences in view of the fact that the OAS had been giving courses in both these subjects for a year and a half.

Dr. Sedwitz pointed out that the subject brought up by Mr. Lara in the morning meeting, on the relationship between social and economic planning, had been concerning both OAS and CIAP for many years. He informed the Council that they had no definite solution to the problem but the idea had been developed that the only way of effectively combining social planning with economic planning was at the level of regions within a country. He declared that OAS hoped to have a paper prepared for comment, in which certain modifications would be proposed in planning methods, resulting from experiences and scientific surveys carried out on this subject.

Finally, Dr. Sedwitz wished to repeat that OAS had for some time been prepared to grant fellowships to the Institute and he hoped that the necessary contacts would be made within the coming months.

/Mr. ENRIQUE

Mr. ENRIQUE IGLESIAS concurred with the statements of the other participants in this meeting with regard to the excellent work carried out by the Institute in Latin America. He was of the opinion that his country - Uruguay - had benefited, perhaps in an exceptional manner, from the services provided by the Institute both in training and in an advisory capacity.

He added that the courses held in Uruguay had produced a desire for rational activity in the economy and deep concern for the country's economic problems. In Uruguay the development course had meant a stage in the economic thought and activity of the country because the courses had made it possible for a fairly wide section of Uruguayan intellectuals to obtain an overall vision of the problems of Latin America and their country, with fairly new techniques for the majority of them, resulting in a sense of awakening which had produced results. The course mobilized opinion, created awareness of real conditions in Latin America and reached all levels of knowledge and interested circles. It must be recognized that in its training task the Institute had the responsibility for maintaining very high standards, both academic and scientific, and also it had the responsibility for achieving the widest possible dissemination of planning techniques. Those two sectors even if not mutually exclusive, often clashed with each other in some way and that had a bad effect on one or the other. In the first place the courses obviously should maintain the highest possible scientific standards since it was a scientific Institute, of scientific training and its teaching should, therefore, be geared to the development of economic science. Nevertheless, it was essential to insist always on the necessity of keeping closer contact in the courses with the daily problems of the countries. In that respect he agreed with Mr. Fuentes Mohr in the sense that the last Seminar held in Santiago on planning organization and administration had proved most valuable and the system could be adopted to gather fresh experience on real conditions in Latin America and establish direct contact with the actual planning operators.

/The connection

The connection maintained by the Institute with the universities of the continent also seemed to have been rewarding. The university was a fantastic multiplier of opinion. The Institute had a position of very great responsibility in Latin America because to a certain extent it was the nerve center of Latin American economic thought. From the Institute should emanate the thought structure as it was being changed, and as it provided an authentic economic and social explanation of our problems, and herein lay its great responsibility. Thus being in close contact with the university an opportunity was provided to make the Institute a founder of professorships in Latin America. Another aspect that related to short term problems. He felt that it was vital for the Institute to continue gaining experience with specific cases, much as the latest ECLA documents had done with Brazil or Chile, countries which had been analyzed in a scientific way. That would perhaps lead to a positive point of reference in the Planning Center for anything which was being undertaken on the short term.

He congratulated the Director of the Institute and his staff for the various aspects of its programme, especially for the addition of the course for trade union leaders.

Mr. CLEANTHO DE PAIVA LEITE wished to inquire briefly about the Course on Housing Planning which was to be held by the Institute in 1966 and which was not included in the work programme presented for that year.

The Inter-American Development Bank attributed considerable importance to the course due to the large investment programme which it had in that sector and to the policy which was being followed in the field of urban development planning. He would like to obtain more details on this course.

Before the Governing Council proceeded with its work, Mr. MARTÍÑO wished to express his satisfaction on participating as a member of the Council and to offer his congratulations to the President, the Director General and to the Deputy Director General.

He took the opportunity to support the suggestions of Mr. Fuentes Mohr that something positive should be achieved in the training of leaders in planning and Mr. Walter Sedwitz's remarks regarding the suitability of starting discussions so that the fellowship programmes offered by the Organization of American States to the Institute might be used.

/The DEPUTY

The DEPUTY DIRECTOR GENERAL referred to the points brought up by the members of the Council in the course of the meeting.

With reference to the President's suggestion that the Institute should support ALAIC in its technical work to be completed before September 1966, he informed the Board that a certain amount of the work which was being carried out at present by the Institute within the joint IDB/ECLA/INSTITUTE industrial programme was very closely related to those very points which might be of interest to ALAIC at the technical level. Therefore, contact would be established with ALAIC in order to agree on a method of collaboration advantageous to both parties.

With respect to Mr. Plácido García Reynoso's inquiry on the economic integration course he would like Mr. Cibotti and Mr. Norberto González to clarify the position.

Then he answered the question put by Mr. Fuentes Mohr on the training of leaders in planning. He pointed out that the Institute had already initiated action in this field by deciding to establish additional training fellowships to keep Basic Course participants who met the necessary requirements. He felt that this training should extend to advisory work, since a participant's activity with an advisory group would contribute very positively to his training. He reacted favorably to Mr. Fuentes Mohr's idea of sponsoring a seminar on economic policy, which he felt should be a working seminar of relatively long duration so that it could discuss, examine or investigate the problems which arose when trying to introduce planning techniques in Latin America.

The Deputy Director General found very interesting the question put by Dr. Sedwitz about what was to be done to expand manpower training in the Institute. In that respect he stated that in 1964 a special course on human resources had been offered on an experimental basis; and as a result of the efficient and dedicated collaboration of ILO an opinion had been reached as to the best approach to the problem of manpower training and employment within a national development plan. He felt, nevertheless, that the ideas should be tested against the experience of some Latin American countries. To that end, work had already been commenced in Uruguay and in Chile which would make it possible to reexamine shortly the Institute's line of thinking on the subject.

/With regard

With regard to Mr. Iglesias' proposal that the Institute should invite national planning experts to participate as lecturers in the courses, Mr. Lara confirmed that such a move was being considered for 1966. A course informally called "planning theory and practice" would be offered in which Basic Course theory would be confronted with national experiences.

With respect to Mr. Iglesias' other suggestion to coordinate the Institute's advisory activities with the training programme, Mr. Lara pointed out that the courses in themselves fully covered experiences in advisory assistance in the countries since, in general, the consultants themselves were giving the courses.

He felt that there was a need for gaining more experience in specific cases of short term policy. As had been indicated already at the previous meeting, an initial move had been made in the case of Chile, in two forms by collaborating with the national planning office in the search for formulas so as to be able to appreciate the efficiency of certain short term policies, a task which had been carried out with a reduced number of Institute economists and the help of a distinguished mathematician and economist, and in the field of monetary policy and its relationship with development plans. He asked Mr. Norberto González to cover the latter point in his general presentation.

Referring to Mr. Iglesias' anxiety that cooperation with different international bodies could weaken the unity of the Institute, he declared that there was no cause for concern since each one of these organizations offered its specialized knowledge, for a common purpose, a purpose which was covered in the work programme, and that far from weakening the line of action it made it possible to follow it at the level of many sectors.

Finally, the Deputy Director General answered Mr. Cleantho de Paiva Leite's question on the housing course, and declared that in fact it would not be included in the work programme for 1966 for financial reasons. Nevertheless, the Institute wished to offer that important course in the second semester of 1966 provided that the financial difficulties were overcome.

Mr. CIBOTTI first mentioned the course on economic integration which would cover from 10 to 15 hours within the Basic Course programme, not including seminars.

/The general

The general idea could be summarized as follows: It was desired to devise a short course which added individuality to the knowledge which had already been obtained on the theory of economic integration and the theory of common markets; and revealed the results of research work carried out by Institute experts in industrial programming with relation to integration in that field.

At the present time programmes were being prepared for this new experiment and it was hoped it would improve with time as had happened with other subjects. The course would be given in the second term of the Basic Course.

He then agreed with Dr. Sedwitz's suggestion on the subject of foreign trade and the need to impart knowledge on the function of international bodies in that field. Mr. Cibotti explained that in this respect it was hoped to instruct the future economic planner on how to handle techniques which would make it possible for him to point out the problems of planning in that field to those who were directing foreign trade policy.

The objective, therefore, was to train general or sectoral planners who could coordinate their work with the individuals or institutions which were conducting foreign trade policy in the countries and bring the subject to the planning board and there prepare it together with these and other bodies.

He then expressed his gratitude for Dr. Sedwitz's offer of fellowships from the Organization of American States as well as for his suggestion that he get in touch with the OAS with regard to the courses for labour leaders and housing planning.

With respect to Dr. Sedwitz's opinion that the link between economic planning and social planning should be placed fundamentally at the level of micro-regional planning, Mr. Cibotti observed that, even if this were very logical, there was still another problem which was that the economic planner in any planning mechanism, on having to allocate resources must necessarily allocate them on an over-all basis. As an example he quoted experience gained during the health courses, which had already provided a frame of reference for the allocation of resources in that field. He also felt that Dr. Sedwitz's approach to the problem was very important,

/but at

but at the same time account should be taken of the daily problem which the planner faced in a central planning board in preparing a plan for the social sectors.

Mr. SUNKEL briefly reviewed the approach to the discussion of the Training Course at the present meeting of the Council compared with the points made at previous meetings.

He noted with satisfaction that now the focus of discussion had moved towards problems of development in Latin America, and on how they were reflected in the Institute courses. For this reason Mr. Sunkel believed that the problems of organizing the training task of the Institute had already been overcome. He felt that the absence of discussion on that point, which had been referred to at length in previous meetings would seem to indicate that the Training Programme had succeeded in establishing a satisfactory modus operandi, considering the conditions under which it was developing at present.

Mr. Sunkel felt that the emphasis which the majority of the teachers had given to the consideration as to what really were the preoccupations of those who formulated economic policy and who worked on planning in the countries could be considered as a common denominator of the Course of 1965.

Mr. Sunkel felt that the discussion of the development problem and the comparative analysis of the countries, had produced a certain change of focus in the sense of a greater preoccupation with development strategy. That is to say, towards a preoccupation as to what were the principal connections between the problems which were the common variables affecting those different problems and how all that provided some type of frame of action. That frame of action was obviously expressed in a formal model, but at the level of economic policy formulation and of economic and social activity, it should be planned in terms of what must or must not be done.

Mr. Sunkel informed the Council that it was very satisfactory for the persons attending the closing ceremony of the Basic Course to realize that the speech of the student delegate reflected a considerable

/preoccupation on

preoccupation on his part for the problems of Latin America and for real conditions in those countries. He felt that that broad view which the graduate students had taken was due principally to three factors: firstly, the general improvement in the technical standard of fellowship holders, which often was a beneficial challenge to the teachers; secondly, the direct contact which the Institute had had with the universities and the matters of concern to their teaching bodies; thirdly, the contribution of research work and the focus given by the sociologists who had persuaded their economic colleagues to look at reality from fresh and broader points of view.

4. Research

Mr. GONZALEZ stated that he would refer in particular to the research project on integration and planning, that project having commanded the most attention. He recalled that the purpose of the project, initiated several years previously, had consisted of incorporating integration more explicitly in the development policies of the countries and formulating more clearly the objectives of integration in terms of the development problems of the countries of Latin America.

To that end, two papers had been prepared: one, which had been presented at a previous meeting of the Governing Council and which referred to the way in which integration could be incorporated into development plans, and the second, which had been presented at the current meeting and which covered the effects a regional import substitution programme could have on the external bottle-neck of Latin America, a bottle-neck which was reflected in the region's trade gap.

Mr. González added that in the second paper those problems were discussed at the level of the region as a whole and not of specific countries within the region. Individual countries had been studied in a way that it was not sufficient to allow the presentation of separate results since use had only been made of studies which were already in existence for some Latin American countries. The conclusions of those studies had served to prepare more realistic hypotheses for the trade gap of these countries and the region as a whole.

Also the studies of the Joint ECLA/IDB/INSTITUTE Division on the integration of industrial development had been used for all sectors where progress in the work done had made it possible to obtain definite conclusions leading to more reliable hypotheses with respect to the possible growth in demand for those sectors, to the import needs which might arise from increased Latin American production of manufactures and also to the impact that a regional substitution programme might have on

/these import

these import needs. In the case of other sectors like agriculture, where less data was available, only simple evaluations could be made and it was attempted, therefore, to prepare the most reasonable hypotheses possible on import needs and the impact of the regional substitution programme.

As a result of that effort, Mr. González confirmed, a very important need had arisen to carry out studies to replace these general evaluations by much more specific calculations and more carefully prepared analyses about the role of a programme of that nature for the region.

The paper as presented to the Governing Council consisted of two parts. In the first part there was a new calculation of the trade gap for Latin American as a whole. The new trade gap calculation had been necessary to make it consistent with the calculation of the effect of a substitution programme, because both were based on similar hypotheses and procedures and gave comparable magnitudes. Experience already gained on the subject by other bodies especially ECIA was used. Mr. González informed the Council that these calculations had subsequently been fully discussed not only with ECIA but also with the secretariat of the United Nations Conference on Trade and Development, because of the significance they had as determinants of the trade gap and also because of the possibility of continuing in the future some kind of collaboration which would make it possible for the work to have some relevance to the problems of foreign trade in which the other bodies were also interested and which were being studied by some.

The second part of the paper specifically referred to the effect of the regional import substitution programme. In that part consideration had been given on an individual basis, to the following sectors of industry: steel, pulp and paper, chemical, metal-transforming, agriculture, and to a lesser degree, the fuel industry, particularly petroleum and the basic metals industries, such as aluminium. The conclusion which had been reached was that a regional import substitution programme of that kind would make it possible to reduce the trade gap for the region as a whole by approximately one half. The term "approximately"

/had been

had been used because the effect of the programme would depend, of course, on the intensity with which it was carried out; an intensity which would also be a function of the magnitude of the effort required and the hypotheses to be made with respect to the behaviour of the other magnitudes which could also have an influence on the problem.

He added that the great importance of the capital goods sector with respect to the external bottle-neck and the development of Latin America could be seen very clearly in the work. That importance was measured by the magnitude of capital goods imports within the total imports for Latin America, and it was also to be seen in the strategic role played by those industries in supplying the capital goods which were essential to the very process of development. Some countries of the region, especially those at a higher level of industrialization, had been substituting imports of those goods very rapidly in the ten previous years; but the import coefficients with respect to total demand were still higher for that sector than practically all the important sectors of the economy. Those imports represented an important magnitude within the capitalization process, and therefore, that process was very closely tied to the fluctuations and difficulties of the external sector.

Mr. González added that a process of import substitution in the metal-transforming industries would signify, to some extent, making the capitalization process of the countries independent of those external sector difficulties, and therefore, would make a continual process of development more feasible. It might also make possible a greater degree of autonomy in Latin America with respect to the creation of technology due to the greater size of the market, to the potential which it represented and to the greater possibilities being opened up. Moreover, it could be seen from that study that even if the programme at first sight were apparently feasible with some additional effort from the point of view of the saving it would require and from the main elements of judgment which could be counted on for its evaluation, it could be a subject worthy of consideration from the point of view of the strategy which it would signify for Latin America. In fact, in carrying out a programme of that nature as the single fundamental ingredient of a

/development policy

development policy, Latin America which already at present had an import coefficient with respect to the rest of the world lower than those of the countries of Western Europe and higher than that of the United States would bring its coefficient nearer to that of the latter country and further from those of the former, which were themselves increasing. This would mean that Latin America would have to be more self-sufficient in technical material, which did not appear to be altogether reasonable considering that the countries of Western Europe had a greater tradition of research for creating technology and adapting it to their own economies and that in spite of that they were participating in a process of economic integration which among other things, was going to make it possible for them to have more contact with the external sector and as a result receive the new technological advances more directly and permanently. From that it would seem that apparently it would be appropriate to combine a substitution programme of the kind with other basic elements of a development strategy which would make it possible to promote exports of new lines or to improve traditional exports.

The next stage of the work to be carried out, Mr. González declared, would consist in dividing the programme by groups of countries, to consider the problems of adapting the programme to the conditions and needs of growth of each one of the main types of countries of Latin America. It could thus also be adapted to the type of development strategy corresponding to these countries, together with an analysis of the problems of regional equilibrium which might arise on attempting to split the programme by groups of countries.

Mr. González continued and pointed out that the Research and General Programming Division hoped to begin direct collaboration with the countries, commencing with the holding of a technical seminar, which would probably need the sponsorship of ALALC and the Central American Common Market. The main objective of the seminar would be to determine how elements, prospects and problems which might be presented during the integration process, could be introduced in the plans prepared by countries.

/The Research

The Research Division proposed, moreover, to continue its cooperation with UNCTAD, which it had found to be most beneficial.

With respect to other research work which had been carried out, he indicated that three studies had been made on natural resources, two of which were practically completed and one was still in progress. The first two dealt with how to include water resources into the structure of Latin America's problems and the development programmes, and on the treatment which should be given to the problem of urban infrastructure within a programme of regionalization linked with the distribution of the natural resources within a country. The third referred to the economic evaluation of natural resources research, and the method of defining a policy on the matter, since they represented investments of considerable importance by their very nature.

He finally answered the question raised by the President with respect to the Course on Economic Integration. He stated that the programme for the course was still being prepared, and would probably consist of three parts: one which would cover the practical and institutional aspects of integration, another which would deal with the role of integration in the economic development of the countries and the third which would deal with the technical aspects relating to the method of incorporating integration into development plans. The experiences of ALALC, the Central American Common Market, the joint ECLA/IDB/INSTITUTE Industrial Division would be utilized in respect to industrial material and naturally, the experience of the Institute itself.

Dr. IGLESIAS requested clarification of three points which appeared to him to be extremely important and which were mentioned in the Director General's Report: the programme of interdisciplinary research, research into financial policy and the programme of research into human resources.

Mr. SUNKEL pointed out that the initiation of the research project for a reformulation of the interpretation of development in Latin America had at least three points of origin.

/In the

In the Institute work had continued along the lines of the historical interpretation of the economic development of Latin America, as a continuation of the work carried out, for many years, not only by ECIA but also by many individual authors and other bodies. That interpretation had demanded greater precision with regard to the methodological approach and had meant penetrating the problem of interdisciplinary analysis, since the economist in general, on working with his economic models, found himself limited by the exogenous variables constituted by the behaviour of the public sector, the entrepreneurs and productive agents, both private and public. Those variables, which appeared tractable to the economist, were not very much so because they were conditioned by an institutional framework and a social structure which originated in the historic creation of society.

Mr. Sunkel added that the efforts of interdisciplinary development analysis of which he had had experience up to the present time had given little results because bringing together a number of specialists in different disciplines in order to interpret a development phenomenon was a difficult task. Nevertheless a series of favourable circumstances arose in the Institute which allowed it to begin a process of discussion and very close internal collaboration between economists and sociologists which had made it possible clearly to define the types of societies with which one and all were working, and at the same time give a little more precision to the type of image of the process of Latin American development which each specialist held when he spoke of development. This last part, which had been set out in a paper by Mr. José Medina Echavarría, basically traced the problem of the transfer to a developing society of the forms which development had taken in societies that had followed a historically different evolution at different times.

Due to all these factors, and with the combination of three fundamental points i.e.: a) from a vision of what the development process should give the Latin American people, b) from the structural picture of the historical formation of Latin American society and c) from the

/approach of

approach of the sociologists and economists to analysis of the factors influencing the development process, it had been possible to prepare a first hypothesis of approximation, which had been presented by Mr. Fernando Cardoso in a paper submitted to the consideration of this Governing Council.

This first hypothesis, after careful study, would lead to a series of partial research projects of those factors in the development process which had not been studied up to the present time, mainly the social factors. It was therefore hoped to produce in the course of the next year and as a result of that research, a slightly fuller new text which covered the reinterpretation of the economic development process together with the incorporation of some of the social, institutional and political variables.

Mr. SUNKEL added that one of the problems had been to verify if the ideas on which they were working had any intellectual support in other media and it had been most satisfactory to observe that in some developed countries, particularly France, the type of approach which the Institute was trying to develop in the matter was already being fully applied. There was actually a group of eminent economists in Europe who were working on what they called the structural approach to the problem of development, which made interdisciplinary integration possible. That had so far been difficult to obtain. The fact had important implications for the teaching not only of economic development but also of economic theory.

Mr. IGLESIAS expressed his gratitude for the explanation and requested that interdisciplinary research work be continued since it appeared to him to be extremely important, as the economist could visualize his limitations and at the same time created a series of interests at other intellectual levels.

Mr. José Medina Echavarría considered that Mr. Sunkel had answered very fully and accurately the inquiries of Council Members on the subject of economic development. In fact, he pointed out, Mr. Sunkel had given the historic and circumstantial reasons why an understanding had already been reached between economists and sociologists. How the former had widened their points of view by the contributions of sociology and the latter had entered the field of economics.

/Mr. Medina

Mr. Medina confirmed that interdisciplinary hopes had been fulfilled most effectively and for a year they had been working in close collaboration. This cooperation in reciprocal understanding would make the research undertaken in this field most interesting.

Mr. Medina was very pleased to see that today one of the greatest concerns of the economist was to train leaders in planning, that was to say, to train individuals who would not only be capable of managing the planning techniques but also be capable of taking in all political-social aspects, a concern which he had felt for many years. Mr. Medina ironically pointed out that as a revenge of the sociologist upon the economist, he himself also would enter the economic field by preparing a technical survey consisting of a strict analysis of the assumptions of planning indicating all platonic possibilities existing in their conception and their respective consequences.

Mr. PATÍÑO stressed the importance of the collaboration which the Research Division of the Institute would initiate with UNCTAD, as announced by Mr. Norberto González.

Moreover, he considered that the Institute, on widening its sphere of activities in the field of research in Latin American foreign trade, would collaborate to a considerable extent with governments in their campaign for development, since he felt that the countries of Latin America still had years of work in front of them to achieve a change in international trade favourable to their interests.

He believed that the papers which the Institute was preparing on the subject could constitute a valuable contribution to the preparatory conferences to be held for the Conference on Trade and Development which would meet in 1967. He pointed out that the paper presented by the Research Division at the first meeting of the Governing Council on the foreign trade gap was a valuable indicator of what the Institute could contribute, not only in the field of integration but also in a long term programme for Latin American development.

/The DEPUTY

The DEPUTY DIRECTOR GENERAL, referring to the question on the way in which the Institute could intensify its research on financial policy, pointed out that the most suitable form of studying the matter in depth would be by means of an association with other bodies or groups specialized in financial policy, which had already gained experience in the field. In cooperating with them, the Institute could achieve something similar to what had been achieved in the field of health and education. Mr. Lara made it clear that it was difficult for the Institute with only its present resources to place stronger emphasis on work of this kind.

With regard to research into human resources, he felt that part of the work would consist of testing the first ideas on methods such as were being carried out in Uruguay, but nevertheless, there still existed the greater problem which consisted of how to face the problem in a wider sense than the simple test of a method. That required specialized research in the economic field, which had been initiated on revising the text of industrial programming.

Mr. FUENTES MOH asked if, as part of research on integration, the study of mechanisms of the institutional type which could lead to import substitution had been taken into consideration.

Mr. GONZALEZ answered that thought had not yet been given to a mechanism of that kind, since the studies which had been undertaken on integration had as their objectives just the determination of the economic and social characteristics of the different countries of Latin America and the role played by the external sector in relation to those and second, the definition of the role which integration would have in the development of the countries.

Dr. SEDWITZ put forward the idea of the possibility of eventually transferring the responsibility for the work of research on integration to the specialized bodies in the subject, such as ALALC and SIECA; and he wished to hear the opinion of the Institute in that respect.

Mr. LARA indicated that it was most desirable that such bodies should have their own research programmes on the subject, which was their specialty, and that it was the desire of the Institute to collaborate closely with them, but that the nature of the functions which the Institute fulfilled had obliged it at times to initiate and at other times to continue basic research.

/Dr. PREBISCH

Dr. PREBISCH wished to add to this that, on the subject called "trade gap" the Institute had been, to a certain extent, the intellectual heir of the work initiated by ECLA many years ago. He pointed out, moreover, that the institutions which had operative responsibility in integration tended naturally to concentrate their attention on the solving of short term problems; whereas an institution which had no such responsibility could tackle problems which had no immediate effects but might have effects of considerable importance for forming Latin American policy. Dr. Prebisch added that if any integration agency should decide to take over such a task, the Institute would gladly transfer that responsibility in order to be able to handle other research subjects which were of greater interest.

/SEVENTH MEETING

SEVENTH MEETING OF THE GOVERNING COUNCIL
THE LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

New York, 16 and 17 December, 1965

Provisional summary record of the third meeting

17 December 1965 (a.m.)

Present: Members of the Governing Council

Plácido García Reynoso (President)

Roque Carranza

Alberto Fuentes-Mohr

Gustavo Guerrero

Enrique Iglesias

Alfonso Patiño

Felipe Herrera (IDB Representative)

Walter Sedwitz (OAS Representative)

Carlos Manuel Castillo (ECLA Representative)

United Nations' Special Fund Official

Roberto Heurtematte

Official of the United Nations' Department of Economic
and Social Affairs

Arthur Goldschmidt

Institute Officials

Raúl Prebisch (Director General)

Cristóbal Lara (Deputy Director General)

José Medina Echavarría

Norberto González

Ricardo Cibotti

Oswaldo Sunkel

Carlos Matus

Francis Shomaly

IDB Official

Cleantho de Paiva Leite

OAS Official

Angel Palerm

The PRESIDENT opened the session and Mr. Felipe Herrera, President of the Inter-American Development Bank took the floor.

Mr. HERRERA repeated the good wishes of IDB, particularly of its management, for the work of the Institute as offered in the earlier meeting by Mr. Cleantho de Paiva Leite.

Mr. Herrera declared that the presentation and analysis of the Director General's Report revealed much more rapid rate of growth than was expected of the Institute followed by a stage of consolidation which was most satisfactory and he remarked that he had been very pleased to see that many of the comments made in the previous meeting of the Governing Council had been utilized in the practical activities of the Institute.

He expressed his gratitude for the complementary explanations made by the President and Dr. Prebisch and Dr. Lara. These explanations were of great importance to him, because through them those who could not be directly linked with the activities of the Institute, became aware of the difficulties and the inevitable problems of the initial stage of an organization such as the Institute. He indicated, moreover, that joint work with the Institute in 1965 had been most promising. On the other hand the close relationship which had been maintained between the Inter-American Development Bank and the Institute due to the permanent contact of its representative in Santiago had made it possible to project the concern of the Bank for the work of the Organization and to possess considerably detailed information on the way in which the work of the Institute has been developing. His personal visit, carried out in August, revealed to him, moreover, the high quality of the personnel which had been selected for the courses and the suitable direction of study which they were receiving through the greater plane of the Institute.

Mr. Herrera then continued with some observations on the contents of the Director General's Report.

With respect to the Training Programme he felt that the goals set on the establishment of ~~the Institute were~~ being fully met and that the best proof of this was the increasing desire on the part of the member countries to provide people who could follow its courses both basic and special, an interest which he himself had seen in his trips through Latin America.

/He believed

He believed also that the Institute was becoming too small in its capacity to deal with this demand which had grown at the same rate as the Latin American planning process. He felt that this growth and consolidation of the planning processes, especially on the national scale, could not have been possible without the contribution of the Latin American Planning Institute, also the Institute had been improved in its technical and intellectual character by its contact with real conditions. It was for this reason that last year Mr. Herrera indicated the need for this institution in its training and research work not to isolate itself from what was actually happening in the countries of the region.

He then offered his congratulations to the officers of the Institute on the way in which it organized the Seminar on Planning and on the high standard of the discussions and on its results.

Mr. Herrera added that the Inter-American Bank had been most interested to see the preoccupation of the Institute for its courses, both general and specialized, since they had contributed to solve in part the obstacles facing the Bank in its credit work in those fields of international finance, such as education and health and housing, where suitable adequate programmers were non-existent.

That Organization had also been most interested to see the direction taken by research into economic integration and development and it was very interested in future results. Mr. Herrera fully agreed with the remarks made with respect to research into natural resources, in the sense that this was a chapter which had been postponed and perhaps unrecognized in the national policy of the countries, and that this had a great implication for the future of economic development in Latin America. He pointed out that, rightly, the lack of research in this material had led to profound errors not only in over all programming but also in the preparation of specific projects. He wished, therefore, to stimulate the work of the Institute so that it would continue in this field, and especially that it should cooperate with other organizations to build up an awareness in Latin America with respect to the defense of natural resources.

/He declared

He declared that it had been a cause of great satisfaction to the Organization of which he was the President to see how in the course of 1965 it was clearly set out that the Institute showed also cooperate in those initiatives tending to create national mechanisms for the preparation of projects. He stated that the Inter-American Bank had been granting credit to various countries of the region lately to strengthen these mechanisms of the institutional type created for this end. Therefore, he wished to emphasize the need that these efforts be continued in order to create and strengthen these mechanisms when referring to the preparation of projects, and he felt that joint work, already initiated between IDB and the Institute, had a successful future ahead and that not only would the two organizations benefit but also the respective officials and respective consultants of the countries. He believed that the presence of Mr. Eduardo V. Figueroa in Santiago would bring about even closer collaboration between the Bank and the Institute in project material.

Mr. Herrera moreover would like to see the Publications Programme of the Institute advance and above all maintain permanent regular publications since he felt that these apart from contributing to fill in part the large empty gap that existed in economic literature in Latin America, constituted the best projection of the Institute, outwards, and its best public relations vehicle.

Mr. Herrera then continued to explain some of the anxieties of the Bank Administration with respect to the future work of the Institute in the light of past experience.

In the first place, he referred to the need to advance along the lines of linking the work of the Institute at the pragmatic level compatible with the maintenance of the technical-intellectual level which the Institute already possessed. It appeared to him to be necessary to have a more orientated movement towards an analysis of the pragmatic problems which had arisen from planning and their due interpretation so as to be able to introduce adjustments which might be necessary.

In the second place, and with the same concern for projecting work of a general nature along more specific lines, he felt that the Institute ought, more and more, to give the correct importance to institutional real conditions both national and regional in its study programmes and research work. He realized that in 1965 considerable progress had been made in this respect but he would like to stress the need of accentuating these points even more since experience had shown that one of the serious problems which existed is lack of knowledge and ideas of the institutional kind on the part of those who were in charge of the implementation of economic policy or advising on economic policy.

Along these same lines he believed it necessary to stress the anxiety which Dr. Prebisch mentioned in the previous day's meeting with regard to the necessity for the Institute to orientate more its educational programme and its research work to the relationship between short term policies and term policies. In planning there was constantly the problem that long term projections were hindered by immediate difficulties imposed by real conditions. He pointed out, moreover, that in a large number of the Latin American countries short term problems not only limited long term finance which the different international bodies could provide but also they absorbed all the attention and thought of those responsible for economic policy. For this reason, he felt that the Institute to be able to help those people to clarify their ideas and implement practical course of action must be able to provide concrete answers and advice.

Mr. Herrera exhorted the Institute towards course of more aggressive action in its working relations with other organizations of the regional type and especially with the Committee of Nine and the Alliance for Progress. He also proposed to the officers of the Institute that it attempts to prepare formulas to establish advisory mechanisms to be compared with the experiences of these organizations. He suggested, moreover, that a seminar should be held, similar to the one held in 1965 but at the regional level.

To conclude his contribution Mr. Felipe Herrera wished to make five suggestions of a specific nature for the future work of the Institute.

In the first place he mentioned the need for the Institute to give greater scope to the study of the demographic problem in Latin America. He felt that Latin American planning for problems of the demographic kind, was absolutely necessary since they had not been dealt with in his opinion, in the way they should have been. He pointed out that even if there were partial studies on the subject, no attitude existed on the part of technical organizations especially those related to research, which could be compared with the well defined attitude to this problem of some public and private organizations in developed countries. There did exist a centre of demographic studies sponsored by the United Nations with its headquarters in Santiago and the high technical level of this centre is recognized. The question was put if perhaps the moment had not now arrived when possibly based on this centre organizations such as the Institute, the Inter-American Bank, the Organization of American States and other associated institutes, should not establish the basis of a research programme of the systematic type in view of this problem which should no longer be ignored.

In the second place, he proposed close collaboration between the Institute for Latin American Integration (INTAL) recently set up by the Inter-American Bank, with its headquarters in Buenos Aires, and the Latin American Institute for Economic and Social Planning.

In the third place, he suggested a re-examination of the training programme for the housing courses, in order that in the light of already acquired experience in this subject, it would be possible to train a type of official specialized in programming housing policies.

In the fourth place, he believed it advisable for the Institute to increase its work in matters relating to pre-investment. He offered the support of the Bank and its experience and he anticipated a regional projection also in its work in this field.

And in the fifth place, he wished to point out the need for the Institute to strengthen its public relations work. He felt that the Institute ought to project its image, and what it had achieved, not only in Latin American countries but also in the other member countries of the United Nations, especially in the United States and in Europe and in general throughout the world.

/Mr. Herrera

Mr. Herrera wished to indicate, moreover, the opinion of the Inter-American Development Bank with respect to the Institute's future. He was waiting with considerable interest for the decision of the United Nations Special Fund with respect to future programmes of the Latin American Institute for Economic and Social Planning after 1967. He believed that once a decision had been made by the Fund, the Bank also would be disposed to consider a renewal of its participation, particularly if the member countries of the Bank indicated a willingness in this sense, which he felt sure would happen. He also hoped that the Bank would closely coordinate with the Special Fund in order to discuss the renovation of the Institute.

He stated that the Bank Management during its last session in which there was discussion on this subject, referred to the fact that it would like to have an evaluation of the work carried out by the Institute at the appropriate moment, and a specific knowledge of projects to be commenced in 1967.

Finally, the President of the Inter-American Development Bank specially mentioned Mr. Raúl Prebisch in his work as Director General of the Institute and as Secretary General of the United Nations Conference on Development and Trade, and also the Deputy Director General and the personnel of the Institute.

Mr. HEURTEMATTE regreted that he had not been able personally to attend all the sessions of this Governing Council Meeting but he pointed out that the Special Fund was represented by Mr. Prince who was responsible for the Institute as a Special Fund project, and he wished to speak only on the subject of the continuation of the Institute's work.

He remembered that when the project of the Latin American Institute for Economic and Social Planning was established a period of five years was chosen for its duration arbitrarily, knowing that this period would be too short to carry out all the work proposed, and that these five years were to constitute an initial stage - and this idea was still maintained. He added that ECLA in meetings during 1967 ought to make some declaration with respect to the method of assuring the continuation of the Institute and it was to be hoped that upon this occasion the

/representatives of

representatives of the Latin American governments would once again sponsor the Institute as a useful and necessary element for development and specially for planning. If in this meeting general expression were given to the wish of Latin America for the Institute to continue it might perhaps be sufficient to make some countries following along the lines previously adopted, become sponsors of the project such as to the United Nations' Special Fund. At that moment the Inter-American Development Bank would enter the discussion. Nevertheless, he anticipated that the Special Fund would find no reason for discontinuing its support to the Institute project.

Mr. Heurtematte felt that this is an opportunity to stress the importance of the Institute's real counterpart which consisted of the enormous investment that Latin American countries are making in their national planning programmes. He did not wish to suggest that the Institute project was the single cause for this investment but its existence had very positively contributed towards it.

He wished to take this opportunity to formally express Special Fund support to the personnel and work of the Institute as well as to its directors.

Referring to the anxiety expressed on the part of Mr. Herrera on the need to confront and study systematically all demographic problems in Latin America, he was pleased to be able to announce to Council members that the Special Fund would give its support to an extension and widening of the services of CELADE, the Latin American Centre for Demographic Studies, which would make this centre more stable and perhaps make it possible for it to collaborate in new studies or research on the demographic problem referred to by Mr. Herrera.

Dr. PREBISCH declared that it was not his intention to speak again in this session but the words of Mr. Herrera and Mr. Heurtematte had forced him to do so. He expressed his gratitude very sincerely for the decided and enthusiastic support which they had both offered for the continuation of the Institute and agreed with them in that it would be necessary to have also, as before, government support, in order to bring about an extension of this project.

/He pointed

He pointed out that Mr. Heurtematte had taken a very wide view on considering the fact that the governments were already contributing in a very effective way to financing the Institute, since it was well known, that both in the realization of intensive courses and in the maintenance of advisory groups, they made an important contribution. He declared that he had already suggested to his Institute colleagues the convenience of presenting to the governments in the next ECLA meeting, a very complete picture of all the sources of resources possessed by the Institute at the present time.

Dr. Prebisch continued and commented on the suggestions made by Mr. Felipe Herrera with regard to the future work programme of the Institute. He fully agreed with the idea that closer contact be maintained with Latin American organizations especially with the Committee of Nine and CIAP. He felt this to be necessary since important experiences were being gained in planning and its orientation in Latin America from which much could be learned and reciprocally the experience which the Institute had been accumulating during its years of existence could be useful to them. He felt the same with respect to ALALC and the organization of Central American integration.

He shared the anxiety of Mr. Herrera on the subject of the demographic problem which was extremely serious and of great importance in the economic and social development of Latin America.

It appeared to him that his suggestion to include this point within the theme of development problems was a correct one and, to a certain extent, urgent in view of the course of affairs. He felt that even if measures were applied to control the birth rate in Latin America, the impact of these measures would not begin to be felt for 17, 18 or 19 years. That was to say, that in the coming decades an increasingly acute congestion problem of the new active population would result if the dynamic inadequacy which had characterized Latin American economy during recent years continued. Therefore, the urgent problem which must be considered was how to handle the absorption needs of that growing mass of human potential which could not be satisfactorily absorbed not even in the countries with a high rate of economic growth.

/With respect

With respect to the housing course he confirmed what Mr. Lara proposed earlier to the effect that the Institute was interested in participating in this sphere and hoped that in 1966 it would be possible to begin something positive in this material, with the close collaboration of ECLA.

He expressed his gratitude for Mr. Herrera's concern for his personal activities and he stated that it was his wish to dedicate the last years of his intellectual activity to the work of the Institute, keeping contact with the new generations and trying to systematize in writing his experiences which he hoped would continue.

5. Continuity of activities

The PRESIDENT proposed continuing with the theme and invited an exchange of opinion on the subject of the continuity of the activities of the Institute which moreover had been covered in previous talks.

The DEPUTY DIRECTOR GENERAL suggested that in this meeting the Governing Council should prepare the proposals which they felt were advisable on this matter and which they felt should be presented to the next Committee of the Whole of ECLA. With this objective, and for the information of Council members, part of Resolution 220 of ECLA would be read which referred to the presentation of this document.

Mr. FUENTES MOHR proposed that a draft resolution be prepared to consider the subject. He thought it would not be worthwhile elaborating too much on the reasons for which the Institute ought to continue functioning in Latin America since this was adequately covered yesterday, in the summary of what had been achieved up to the present time and of what remained still to be done. It was agreed to create a Working Group which would present a draft resolution to the Council for its consideration in the afternoon session.

6. Advisory assistance in planning

Then the fifth point of the theme on the services of advisory assistance in planning was dealt with and the President gave permission to Mr. CARLOS MATUS, Deputy Director of the Advisory Services Division of the Institute to speak.

/Mr. Matus

Mr. Matus declared that he would make a relatively short contribution to allow for an assessment of the plans by Council members, especially by those who had had direct experience with the advisory services.

This type of activity had been of considerable importance because it had constituted a source of knowledge for the Institute and had been a complement to the activities of training and research. The problems which had been covered through this advisory work in the countries had made it possible to identify research points as fundamental as that of making a distinction between what could be called basic orientation elements in planning systems and their operation. This problem was not so obvious when the work commenced but it clearly appeared on the initiation of field work. This research project was being studied at present by the Institute.

The main points of information which had been deduced from this advisory work were: first, that the planning methods as used at present should be revised and extended; second, that the advisory methods which were applied should be more flexible and third, that the non-methodological aspects and the non-technical aspects constituted an important factor in planning and it was on this crucial aspects that there was less knowledge. He felt that it was with regard to this last point that the knowledge of the Institute had been richly increased and its analysis had made it possible to conceive a new idea of the focus in advisory work in planning.

The implementation of the work of planning in the Latin American countries had been difficult, since it had not been a matter of transferring experiences, but it had been a process of creation of method and experience by individuals with much theoretical knowledge but little previous experience.

Advisory work in the field had made it possible, therefore, to come to understand the difference existing between the conception of a scheme of general planning to direct the activities of the economy and what it meant to produce annual plans incorporated as economic policy and all short term problems. As a result of this work there had been many indications as to the way advisory assistance problems in planning could be handled in the countries. From this there also had arisen the need

for a closer exchange of experience between Institute personnel and the consultants acting as advisors in the countries, since they were relatively isolated in their work. Experiences of one country were unknown in others, under circumstances when each one had acquired valuable practical information which could be of reciprocal utility for planning efforts. It was therefore, the intention of the Institute to assume the role of agency for the exchange of experiences, beginning with the Latin American countries but intending later to include the experiences of the other regions.

As the situations in each country were very different and also changing within themselves, there had arisen the need for new advisory assistance methods corresponding to stages of progress in planning material. For those countries which were backward in this material there was a method which would be called advisory assistance in pre-planning, by means of which the basis for establishing a system would be prepared; and for those countries which were more advanced in their efforts there was specialized advisory assistance, to which reference would be made later.

From advisory service experiences it had been learned that the plans in themselves were very important but equally important was the system producing them and the attention which is necessary had not been given here. The creation of a planning system and its institutionalization under certain conditions, required informal experiments in the production of plans in order for them to correspond to the real state of affairs and to experience acquired in this activity. This had its limits however and therefore, one should continue institutionalizing, harmonizing and building mechanisms at the same time as work continued informally in the production of plans in order to reach a normal stage where the plans were the products of a system deeply rooted in the whole public administration.

Mr. Matus declared, that on the basis of all this knowledge, the Institute had proposed that greater importance be given to visits to the countries, to analyse the development strategy which was followed long term and the short term objectives, and to discover if the fundamental

/problems which

problems which they wished to overcome were contained within the planning techniques and fulfilled all the formal requisites. From analysis of plans in the process of preparation in the countries it had been seen that many times they were well planned methodologically and fulfilled all the requisites of harmony and coherence, but the objectives set were not very clear and, therefore, the relationship between the objectives for the public sector and the general objectives of the plan was confused.

This focus induced the creation of the Advisory Assistance in Planning Division of the Institute which was functioning at the present time due to an agreement with the United Nations' Special Fund. The aim of the Division was to provide permanent support to the countries and the advisory groups, and to be continually in contact with them and their problems in order that the advice which they were providing answers the definite needs which could be seen every moment in the Latin American countries. At the same time thought had been given to the necessity of giving specialized advice to those countries which had already fulfilled a series of functions in plan preparation, but which were still inadequately preparing draft projects or fundamental reforms. For these countries advice through complementary groups, consisting of special operations to resolve specific problems had been considered.

The Advisory Services Division commenced applying the new methods in January 1965, and since this date it had carried out three group missions attending requests from Bolivia, Perú and the Dominican Republic. In the latter country, using all existing material, it was possible to diagnose the problems which were affecting the economy and provide a preliminary basis of development strategy and the immediate short term actions which had to be taken were identified; also a study was made of public administration. This latter study was carried out due to the team work and a very close collaboration with the Tripartite Mission existing in that country. It was felt that this kind of advisory service could be most fruitful in the future.

After giving certain figures to indicate how direct advisory activities of the Institute had increased since 1962, Mr. Matus suggested leaving projects until the afternoon session.

/SEVENTH MEETING

SEVENTH MEETING OF THE GOVERNING COUNCIL

THE LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING

New York, 16 and 17 December, 1965.

Provisional summary record of the fourth meeting

17 December, 1965 (p.m.)

Present: Members of the Governing Council

Plácido García Reynoso (President)

Roque Carranza

Alberto Fuentes Mohr

Gustavo Guerrero

Enrique Iglesias

Alfonso Patiño

Cleantho de Paiva Leite (IDB Representative)

Angel Palerm (OAS Representative)

Carlos Manuel Castillo (ECLA Representative)

Institute Officials

Raúl Prebisch (Director General)

Cristóbal Lara (Deputy Director General)

José Medina Echavarría

Norberto González

Ricardo Cibotti

Oswaldo Sunkel

Carlos Matus

Francis Shomaly

7. Projects

The PRESIDENT opened the session to consider point six in the Theme, the preparation of projects.

Mr. MATUS pointed out that he was only dealing with this subject because of the absence of the Director of the Projects Division of the Institute and, therefore, he only intended to give a brief talk on the work which was being carried out by this Division.

He informed the Board that even though the Institute had included projects since its establishment the work had been directed towards an effort of the methodological and didactic type. Today it had moved to a stage of definite identification project and of action in this field. Action had been taken in collaboration with the Inter-American Development Bank in two countries in 1965, Ecuador and Uruguay.

The Mission to Ecuador took place during the last term of the year and its objective was to advise the Government of that country on the identification of significant projects for the diversification and development of agricultural activities, especially for the reconversion of banana plant areas into another type of culture. The reports of this mission were in the process of preparation. It was provided that in 1966 consultancy work should continue with this country and it was proposed to carry out a seminar-course there which would aim at training Ecuadorian national professionals in project preparation and evaluation. During this the opportunity would be used to advance in analyzing those projects which are fundamental in relation to the Plan of Ecuador.

The group which travelled to Ecuador was basically a mission of the Inter-American Development Bank, in which experts from the Institute collaborated. These experts were specialized in project analysis, credit and development institutions, colonization, agricultural economics, roads, irrigation and financial policy.

The Mission which was carried out in Uruguay, had as its main objective the analysis of the stage at which the different projects basic to the execution of the national plan had reached. The work accomplished was: the identification of the most important projects for achieving this plan, giving priority to those requiring foreign finance

/and which

and which could be ready for implementation at the shortest term, the establishment of the key decisions necessary to accelerate the preparation of projects which were felt to be essential or strategic and as a function of the state in which they were found, the tracing of lines along which to establish the route of their preparation up to commencement and finally, an analysis was made in general of the different preparation mechanisms of existing projects.

For 1966 the Project Division proposed to co-ordinate its activities with those of the Consultancy Division, especially in regard to the missions which both Divisions should carry out in Central America and the Dominican Republic.

The PRESIDENT referring to the concern which was sometimes shown for the multiplicity of the technical assistance programmes and for the possibility that they resulted in a superposition or misuse of resources, wished to make it clear that he felt that the consultancy services of the Institute were a fundamental complement for the development of training activities and constituted a necessary aspect of its work.

He points out that it could not be demanded that the Institute fulfilled all the technical assistance services for planning which was required by the countries, but he felt that the consultancy function which it was fulfilling contributed positively to the development of this activity and made it possible for the Institute to maintain direct contact with planning problems and this was able to be prepared to confront them.

Mr. FUENTES MOHR added to what the President had already said declaring that moreover for the Institute consultancy activity was a link with respect to the need to form leaders in planning, and provided the connection between the thought that was being given to planning problems in Santiago and the real conditions existing in each one of the Latin American countries.

Council member IGLESIAS considered that the natural culmination of the efforts of the Institute in the fields of research and training should precisely be their combination in permanent assistance programme to Latin American planning activities.

8. Work Programme for 1966

Having pointed out that the subject "Social Development Programme" had been fully discussed in the previous day's meeting, the PRESIDENT proposed continuing considering the Work Programme for 1966 and he passed the meeting to the Deputy Director General.

Mr. LARA referred to the Institute's Work Programme which had been presented to the Governing Council. First he pointed out that this was a programme of activities which would be carried out during the course of 1966 but not all would be completed during that year and no doubt they would be subject to necessary extensions and changes.

He indicated, moreover, that in this paper it had been attempted, under directions received from the Governing Council to make the first effort to organize the work programme of the Institute according to the methods and techniques of controlled budgets. This constituted the start of a practice which was hoped would be continued so as to be able to throw light on and clearly appreciate total resources and the relative priority which was allocated to each project.

Within the work programme a growing importance was given to everything in connection with research, and it was anticipated that it was in this activity that most advances would be made. Also there was foreseen a considerable growth in consultancy activities, which could possibly be limited somewhat, if not through the lack of financial resources, but through the difficulty that had arisen in obtaining specialists to fill the vacancies existing in the Advisory Services Division.

With regard to training, the Institute hoped to maintain the same high standards which had been reached, intending moreover to intensify considerably action with respect to the universities.

He pointed out that these were the three main lines along which the Institute would perform and within those sectors of activity the elements and criteria which had been discussed during the Seventh Meeting of the Governing Council would be found. A course would be followed in the academic sense but also in the theoretical and methodological sense, because this was necessary in the activity of an institute acting in the field of planning.

/Mr. DE PAIVA LEITE

Mr. DE PAIVA LEITE congratulated the Deputy Director General for the presentation of the Work Programme and the method by which it had been formed, and suggested that next year, it should also be presented, if possible, in financial terms so that Council members could evaluate the balance of the distribution of human and financial resources among the different sectors of activity.

Mr. CASTILLO declared that to his way of thinking the meeting had been characterized by a self-critical sense on the part of Institute personnel and that, possibly because of this, greater thought had perhaps not been given to successes and achievements not only of the Institute but of the whole process of Latin American planning, in which the activity of the Institute was a part. For this reason he considered it useful to direct his contribution towards those aspects of planning in Latin America which in his opinion had been absolutely positive.

First he wished to stress the fact that in the last four years, more groups of countries had been actually combining in the task of planning. He felt that many countries now had a real interest in programming not only governmental action but also the process of economic development with the intention of increasing this process in accordance with the needs of the Latin American population. Moreover, as part of that effort and as a result of this work at the present time there existed a much more complete picture and a much better systematization of knowledge of the structures and functioning of the economic and social complexes, and there was a more finished sense of perspective as to whether it was possible to allocate and place the different elements which formed part of this picture.

He wished to show how the concept of planning - as an effort of foresight of the events occurring in the economic and social field and as an effort to influence the course of these events - was beginning to penetrate deeper and with more efficient results in the activities of certain institutions in those countries which had commenced a process of planning.

He felt that the self-critical picture which had been presented would be more balanced if it were added, that, five years ago, they were

/not mistaken

not mistaken neither as regards the basic idea, nor as regards the ideas of method or focus - which had been refined gradually - but only that they were slightly limited because there were some fields which were not yet covered and there were problems which had not yet been identified.

Without doubt, and in spite of the fact that the Institute had already overcome the phase of initial formation, new problems continued to appear requiring increasing effort in advisory work, especially at the stage of plan implementation, since four years ago it was not offering advice in the implementation of plans but in their preparation.

Mr. Castillo emphasized the fact that one of the tasks which must be carried out and which had already been mentioned by other Council members during the conference, was that of increasingly relating the effort and instruments of economic and social planning with the objectives of economic growth in foreign trade, internal structural reforms and economic integration. This was necessary, not to achieve an adaptation to events which might be happening in these fields, but as a measure to obtain the restructuring of economic relations with abroad and of the internal systems, and an opening up of Latin American economies to the conditions of competition and the opportunities for growth which appeared in the processes of shaping the Latin American Common Market.

Finally he wished to point out that all these problems are a reflection of a progressive business, in the full flood of transportation. They were natural difficulties which indicated that things had begun to happen in Latin America in which all here present were participating and he hoped that the proposed objectives might be achieved in the not very far off future and that a great deal would be due upon their achievement, to the action of planning in the midst of which could be found and would continue to be found the Latin American Institute for Economic and Social Planning.

9. Administration and Finances

Mr. SHOMALY informed the Council that to fulfil the work programmes of the Institute a sum of \$4,068,500 was allocated in the Plan of Operations and this sum should cover the cost of operations during the

/initial five-year

initial five-year period starting from the month of July in 1962. Of this amount, 1,000,000 dollars were contributed by the Inter-American Development Bank and the rest by the United Nations Special Fund.

Mr. Shomaly felt that from the financial point of view the activities of the Institute had had no problems, and it should be stressed that both financing institutions had always been very willing to overcome any inconvenience of this nature. He said that there had been some administrative problems consisting basically of the difficulty in finding the specialized personnel to fill the vacancies in the international manning table, and proof of this was that on December 31st of this year there were still five vacancies.

With respect to the essential Institute personnel, he declared that in the present Institute budget, the actual cost in real terms was not taken into consideration since the indirect contributions in terms of personnel placed in the Institute by other organizations was not included. According to Appendix N° 1 of the Director General's Report, the Institute in 1963 had 12 officers placed by other international organizations or United Nations agencies, and in 1964 and 1965 this number increased to 16. Therefore, of a total of 56 teachers and experts during 1965, 40 were covered with Institute funds and the remaining 16 were directly financed by other organizations. This was mentioned to stress the fact that the reference to the Institute budget corresponded only to the funds allocated to it in the Plan of Operations.

Of these funds, to date 2,489,340 dollars had been spent and for the remaining period until July 1967 the amount of 1,579,169 dollars was available. Total expenditure up to December 1965 had been as follows: in 1962 during a 6-month operating period, the average cost was 38,200 dollars per month; in 1963 it rose to 47,680 dollars per month, in 1964, this figure rose to 62,700 to reach an average of 74,870 dollars per month during the present year. For the Board's information Mr. Shomaly stated that the month of December, 1965 showed an estimated expenditure of 85,000 dollars.

/Mr. Shomaly wished

Mr. Shomaly wished to refer also to the administrative personnel of the Institute to give an idea of what their total cost was in relation to substantive personnel. According to page 2 of appendix N° 2 the Institute in 1964 employed 50 people in administrative services, secretaries, mimeographers, clerks, messengers, etc. and 57 in 1965 anticipating a requirement for 61 in 1966 in comparison with 75 members of professional staff. Mr. Shomaly pointed out that Institute management had been especially careful not to increase costs in this direction and for this reason some services had been used in common with ECLA, which had contributed to a reduction in costs.

With respect to the expenditure plan for 1966 this showed a total sum of 1,517,670 dollars, including the new requirements caused by the establishment of the Advisory Services Division.

In Appendix N° 6 the budget plan consolidated in the following terms: apart from the 4,068,500 original dollars an additional sum of 685,600 dollars had been allocated to the new project giving a total of 4,754,100 dollars to serve for the continuation of the activities of the Institute within the period of the original plan of the project. Of this additional budget the United Nations Special Fund would contribute 555,600 dollars and the Latin American governments 130,000 dollars as a counterpart contribution.

The plan for costs for 1966 showed the personnel requirements for the year including the new posts and it detailed the use of the funds along different lines. Thus 80,000 dollars were allocated for financing the cost of consultants in different activities, including the financing of the joint programme with "Resources for the Future, Inc.", for which a sum of 20,000 dollars had been estimated. Another 50,000 dollars had been allocated to the project at the working level of the Institute to train a group of young professionals who would be selected among the most outstanding ex-students of the Basic Planning Course. The plan of costs did not reflect the cost of renting premises and Institute offices because this expenditure was entirely financed by the Government of Chile thanks to a generous disposition on their part. The sum total of this contribution amounted to 157,812 escudos by the 31st December, 1965;

/it should be

it should be also mentioned that the Government of Chile gave considerable support for the completion of the new building of the United Nations in Santiago which would make it possible to have the headquarters of the Institute in this building, a fact which, without doubt, would bring about the improved functioning of the institution since at present it was dispersed throughout four buildings distant from each other.

At the end of Mr. Shomaly's presentation, the President submitted the Report on Administration and Finances for the consideration of the members of the Governing Council.

Mr. IGLESIAS declared that after this detailed exposition, the Board should express its satisfaction as to the very careful use of resources and moreover the fact that there were no immediate financial problems with all Institute programmes duly provided for, called for congratulations to the General Management and the Administration and approval of the report.

Mr. DE PAIVA LEITE requested further background information in Santiago on the governmental contribution in connexion with the new project referred to in Appendix N° 6. He agreed with Mr. Iglesias' proposal in the sense that the Report should be approved.

No further observations being made, the report was accepted.

Immediately, the PRESIDENT submitted to the consideration of the Council members the draft resolution for the continuation of the activities of the Institute. A debate was held to clarify some terms of this document and after modifications had been made, it was approved in the following form:

RESOLUTION ADOPTED BY THE GOVERNING COUNCIL OF THE LATIN AMERICAN
INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING AT ITS SEVENTH SESSION
(NEW YORK, 16 AND 17 DECEMBER 1965)

The Governing Council of the Latin American Institute for Economic and Social
Planning,

Bearing in mind that in part B, paragraph 3 of ECLA resolution 220 (AC.52), which was adopted on 7 June 1962, and by virtue of which the Latin American Institute for Economic and Social Planning was created, it was requested to submit to ECLA, prior to the latter's 1966 session, a proposal designed to ensure the continuity of the Institute;

Considering that in the Plan of Operation of the United Nations Special Fund project (INST/2 CD.I/1), dated 8 June 1962, it is noted that the Governing Council of the Institute shall submit such a proposal to ECLA;

Considering likewise that in the said Plan of Operation, paragraph 2, explicit reference is made to the intention expressed in ECLA resolution 220 (AC.52) that the Institute should be a permanent body at the service of planning in the Latin American countries;

Acknowledging with satisfaction the substantial support and the considerable resources which the Institute has received from the Latin American Governments in furtherance of its work;

Acknowledging with similar satisfaction the significant contributions made by the United Nations Special Fund and the Inter-American Development Bank (IDB), thanks to which it has been possible to inaugurate and carry out the first phase of the Institute's activities;

Bearing in mind, likewise, the valuable co-operation in the said activities obtained from the United Nations Food and Agriculture Organization (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Children's Fund (UNICEF), the Pan American Sanitary Bureau (PASB) (Regional Office of the World Health Organization (WHO)), the International Labour Organization (ILO), the Organization of American States (OAS) and other international and national agencies, both public and private;

Having reviewed at its half-yearly sessions, and particularly at the present seventh session, the progress achieved by the Institute both in

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respect of the training of personnel and in the fields of research and of technical advisory assistance to Governments;

Observing (a) that the Institute's training activities have helped to qualify officials and specialists from the Latin American countries, and that this has been an important factor in the progress of planning in the countries concerned; (b) that this aspect of its functions has been fulfilled (i) through an annual basic training course for such technical cadres, relating both to over-all programming and to programming for the major sectors of economic activity, (ii) through intensive courses, which have been held in almost all the Latin American countries, and several of which, as is noted with satisfaction, are being followed up by national agencies and with national resources, and (iii) through special courses established by the Institute in conjunction with UNESCO and PASB to meet training requirements in the fields of educational and health planning;

Observing, moreover, that the work of the Institute has helped to strengthen planning activities through progressively increasing advisory assistance to Governments in the establishment of procedures and instruments conducive to the formulation of their development programmes, and that in this connexion note is taken with satisfaction of the significant support given by Governments to the project for the expansion of the Institute's activities which enabled it to broaden its advisory services and pursue advisory assistance programmes covering the phase of execution of development plans;

Noting that in the field of research work the Institute has helped to improve planning methods and techniques, and, in particular, has introduced new ones aiming at the co-ordination of national plans with a view to economic integration; has promoted the preparation of textbooks and manuals with the aim of disseminating planning methods and procedures in various sectors; and has undertaken a body of basic research work on economic and social development and planning problems in Latin America;

Considering that the Institute was created by the Governments under the aegis of ECLA, and that its objectives meet real and growing requirements deriving from the Latin American countries' efforts to speed up their economic and social development;

Taking into

Taking into account that in relation to the said requirements, the headway made in planning processes and the experience of the Latin American countries with respect to the valuable services provided by the Institute have generated a steadily increasing demand for the services in question,

Decides:

1. To recommend to the Latin American Governments that they adopt the measures required to ensure the continuity and intensify the activities of the Latin American Institute for Economic and Social Planning;

2. To recommend to ECLA that at the 1966 session of its Committee of the Whole appropriate provision be made for the maintenance and intensification of the Institute's activities, so that it may continue to further the advance of the planning process, and, in particular, that resolutions be adopted with the aim of:

- (a) The Securing Government Counterpart Contribution required for the continuity of the relevant United Nations Special Fund project;
- (b) Formulating such recommendations as the Committee of the Whole may seem appropriate, for the purpose of obtaining the fullest possible financial support from the United Nations Special Fund and IDB;
- (c) Maintaining the effective co-operation established with FAO, ILO, UNICEF, PASB, UNESCO, and other international and national agencies, both public and private, which participate in the work of the Institute;

3. To request the Director General of the Institute that he do his part to promote negotiations with the Latin American Governments, the United Nations Special Fund and IDB with a view to obtaining the financing required for the continuity of the Institute's activities, on the basis of the aims pursued by its programme of work and the resources that the programme and aims in question necessitate;

4. To request the Director-General of the Institute, in addition, to co-operate in the formulation of the draft plan of operation, the conduct of the other necessary proceedings and the implementation of the resolutions adopted by ECLA with respect to the continuity of the Institute's activities.

(17 December 1965)

/10. Place

10. Place and date of the next meeting of the Governing Council

Mr. CLEANTHO DE PAIVA LEITE proposes that the next meeting be held in Santiago de Chile, in May 1966, the exact date being left to the decision of the Director General, who should inform all Board members in good time. Moreover, he suggests that it be fixed in coordination with the date of the meeting of the ECLA Committee of the Whole, coinciding if possible.

The PRESIDENT approved the motion of the Representative of the Inter-American Development Bank and expressed his gratitude to the Board members for the contribution they had provided for the success of this Seventh Meeting and, therefore, for the success and restrengthening of the work of the Latin American Institute for Economic and Social Planning.