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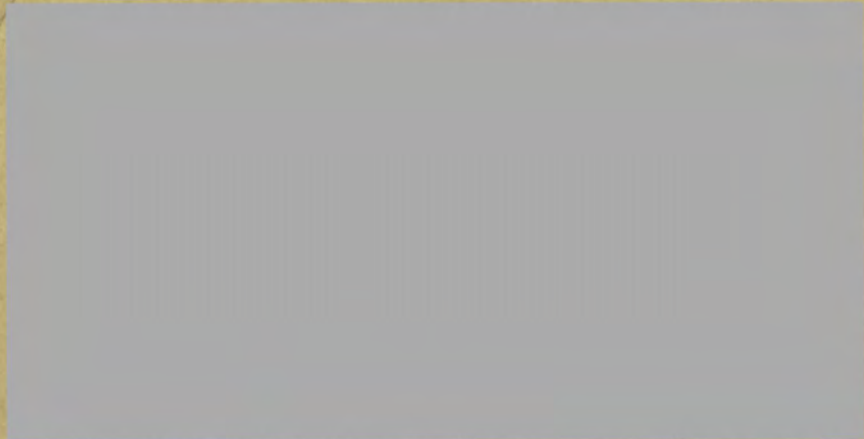


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WALTERSON

Statement by Mr. Albert Waterston, Economic
Department, International Bank for Reconstruction and
Development, before the Fourth Session of the Economic
Commission for Latin America, beginning May 28, 1951,
Mexico, D. F.

The International Bank is particularly glad to participate in this session of your Commission. You and we are trying to do the same thing --- to advance, by every effective means, the economic development of the American republics. I should like to say at the outset that the staff of the Bank finds the basic research which is being done by the Economic Commission for Latin America of great help in our own work. Since the last statement by a Bank representative was made before your Commission, we have developed a variety of new techniques. I think you will find that we have come a long way in furnishing our member nations in Latin America with many new kinds of assistance. I think, too, that we are justified in looking forward to considerably more progress in many different fields.

In certain respects this is a time of exceptional opportunity for sound economic development in the Americas. The growth of foreign exchange earnings of many countries, and the potential increase of savings that can result from enlarged incomes, provide new assets for investment in development. We are also fully aware of the serious problems currently facing Latin America, including the threat of inflation and the related question of the continuing supply of capital goods needed to carry out development programs. To assist in solving this latter problem, the Bank has established a special section to aid borrowers in procuring from available sources of supply scarce equipment in order to complete projects financed by Bank loans.

As you know, Bank lending in Latin America has increased at an accelerated pace. The Bank has now loaned something more than a quarter of a billion dollars in Latin America, which represents more than half of all Bank loans made to the so-called economically underdeveloped countries of the world. A

number of important development projects in our Latin American member states are now under active consideration by the Bank with a view to Bank participation in financing them.

But the Bank's interest in furthering development in Latin America goes beyond the lending of money. One of the basic lessons we have learned is the necessity and value of sound development programming. The Bank is therefore adjusting its actions to meet the different needs of different countries in planning their development most effectively. A principal deterrent to Bank lending in the past has been a lack of well-prepared development programs and projects. Let me assure you that the Bank is not taking a passive attitude toward development in cases where member countries are not able, by themselves, to devise bankable projects for presentation to the Bank. We are now actively assisting our member countries in the preparation of such programs and projects in order to improve their capacities for absorbing additional investment.

More and more the Bank is becoming a storehouse of useful knowledge regarding the techniques of programming. In cooperation with our member countries we have worked out many new methods of furnishing them this fundamental type of assistance. We know that we have not begun to exhaust all the various means of cooperative development programming, and we are trying constantly to find new and effective ways to share what we have learned. You will be particularly interested, I think, in some of the new methods of assisting Latin American countries which the Bank has been working out over the past year.

One of these methods is the sending of comprehensive survey missions to study the broad potentialities of development in member countries and to assist governments in drawing up general development programs. The first mission of this type organized by the Bank was the one which surveyed the economy of Colombia. As you know, the Colombian mission made its report during the past

year, and the Bank is gratified with steps now being taken to carry out the mission's recommendations. The Colombian Government has established a non-partisan Economic Development Committee for this purpose. And the United Nations, under its technical assistance program, is now making available to the Colombian Government a large number of experts to assist in implementing the report of the Colombian mission. Comprehensive survey missions have also gone to Cuba and to Guatemala, and their reports are nearing completion.

This type of mission is by no means the only method which the Bank is using in approaching development problems. Another method is the special purpose mission, whose assignment is to analyze specific sectors of a country's economy, rather than the economy as a whole. This may be the most effective kind of assistance for meeting the particular needs of a country at a particular time. Such a mission, sponsored jointly by the Bank and the Food and Agriculture Organization, was sent to Uruguay to survey the special problem of Uruguayan agricultural development. Its report is now in an advanced stage of preparation.

Another Bank-FAO group with a generally similar purpose has just left for Chile. It will make recommendations regarding the investment and other requirements necessary to the development of agriculture in Chile. This undertaking is a good example of the cooperative approach to programming. Experts being furnished to Chile for periods of from one to five years by the FAO and the Institute of Inter-American Affairs, under their technical assistance programs, will be available both to assist the Bank-FAO group in its survey and to aid the Chilean Government in carrying out measures for agricultural development.

Apart from the sending of groups of various types, the Bank is now employing another method of assisting member countries in Latin America with development planning. This method is a new departure. It involves sending a

staff member of the Bank to a country for a relatively long period of time to advise the Government on both general and specific problems of development. One of our staff members was sent to Honduras for approximately nine months to assist the Honduran Government in bringing into operation the Development Department of the new Central Bank of Honduras.

Early in July another staff member will be sent to Nicaragua for a minimum of eight months. As special representative of the International Bank in Nicaragua, he will assist the Government in solving problems relating to the general economy of the country and in devising the most effective means of promoting Nicaragua's economic development. Furthermore, as particular needs arise, the Bank will send to Nicaragua engineers, agricultural experts or other technicians to assist its representative in fields which are found to require special attention. We believe that this approach may be of value in the case of other countries.

Recently the Bank has been working out still another method of furthering the development of Latin American countries. This method is the bringing together of experts of a member country responsible for its development programming and experts of the Bank who are experienced in similar fields. For instance, the Bank invited two officials of the Chilean Fomento Corporation and one representative of the Chilean Ministry of Public Works to spend about three weeks in Washington in a series of round table discussions. During their stay they carried on extended discussions with staff members of the Bank regarding the general problems and principles of development programming. The purpose of these discussions was to assist the Chilean officials in devising effective methods of programming Chilean development and help them in directing this work in their own country.

In the case of Mexico the Bank has organized a combined Mexican working party, consisting of two Mexican officials and two Bank technicians, to study problems of development in Mexico. The purpose of this group is to examine, on a technical level and on a cooperative basis, the major trends in the Mexican economy, with special reference to Mexico's ability to absorb additional foreign investment. The Mexican officials have already spent two weeks at the Bank's headquarters. I am one of the Bank members of this working party, and we are now actively engaged in carrying on our discussions here in Mexico. We expect to have our report completed in August.

We at the Bank are learning a good deal about this whole matter of economic development from the interchange of information among representatives of member countries and Bank staff members. The Bank has plans for holding consultations of this kind on a broader scale extending to more of our member countries in Latin America.

We are confident that more progress in development planning lies ahead. The Bank is looking forward with very great interest to participating in the Training Institute on Economic Appraisal of Development Projects, to be sponsored jointly by the Chilean Government, CEPAL, the FAO and the Bank, which will be held in Santiago next fall.

The examples which I have cited demonstrate that the Bank is striving to assist the countries of Latin America in every effective way which can be devised. We have, I think, made considerable progress. But we do not pretend to have the final answers. The Bank is more than a reservoir of funds. I think we can fairly claim that it is also, by virtue of its experience, a reservoir of technical competency upon which our member countries can draw at any time to meet their varying needs as these needs arise. The Bank will continue to seek ways and means by which it can assist the countries of Latin America to attain their goals of economic development. This is the basic interest which we share with your Commission.

MEXICO'S CAPACITY TO ABSORB FOREIGN INVESTMENT

Address of Albert Waterston at a luncheon session
of the Fourth Annual Meeting of the Mexican-U.S.
Committee of Businessmen, Tuesday, May 19, 1953 at
the Statler Hotel, Washington, D.C.

It is a privilege to participate in this meeting of the Mexico-U.S.

Committee of Businessmen. I was in Mexico during your third annual meeting in Acapulco, and I remember feeling then, as I do now, that your Committee was doing much to further relations between the business communities of both countries by promoting a sympathetic understanding of each other's problems.

Mr. Campbell has been good enough to let me read the paper on "Investing in Mexico" which has been prepared for the Mexico-U.S. Committee. The point is made in that paper that the would-be foreign investor in Mexico ought to be aware of the legal, organizational and traditional requirements which will affect his ability to do business in Mexico and to obtain a reasonable return on his investment. The prudent man who is investing in Mexico should also know something about Mexico's capacity to absorb foreign investments. It is this aspect of the foreign investment problem that I should like to talk about. In discussing this subject, I shall not concern myself with the rate of return which a foreign investor can expect. I shall concern myself, rather, with those factors which determine the amount of foreign investment funds which Mexico can attract, in the immediate future as well as over a longer period of time.

As one of two staff members of the International Bank for Reconstruction and Development, I had the good fortune to spend more than a year in Mexico while preparing, in collaboration with two Mexican colleagues from the Banco de Mexico and Nacional Financiera, a comprehensive report on the long-term trends in the Mexican economy, with special reference to Mexico's capacity to absorb additional foreign investment. This study, which has just been published in Spanish and in English, was sponsored by both the Mexican Government and the International Bank. It was agreed beforehand, however, that the team of technicians assigned to the job would be free to write what they wished and that neither the Mexican Government nor the International Bank would be bound by their conclusions. Since I shall draw heavily upon the report in the next few minutes, it may be well to say that in all my remarks I am expressing my own views and that these may not be the same as those of either the Mexican Government or the International Bank.

Perhaps I should also say that I recognize that any evaluation of the investment outlook in Mexico can be made meaningless in short order by a change in the world situation. But if we assume that no basic change will occur for some time in the world political position and that a major recession will not occur in the United States, we can draw some significant conclusions for the foreign investment outlook in Mexico.

Since 1939, Mexico's economic growth has been unprecedented. Between 1940 and 1952, the country's production of goods and services more than doubled, and except in mining - which has lagged - striking gains were made in every sector of the economy: in industry, petroleum, electric power, highways and communications. Even the railroads, which have sometimes been a serious bottleneck in the country's economic development, carried an increasing volume of goods and passengers during this period. And it is especially noteworthy that these advances were not made at the expense of agriculture, which also expanded greatly. Over the whole period, real income per person increased by more than 50% -- an impressive achievement when one considers that the population rose by over 30% in the same years.

There were several reasons for this unparalleled development. The greatest stimulus came from The Second World War which laid the foundation for Mexico's industrialization and general expansion by raising Mexico's earnings from agricultural and mineral exports to high levels, while the flow of manufactured goods from the industrialized nations was being reduced or eliminated. These developments stimulated a great increase in investment in Mexican industry, most of which came from within the country. However, the absence of exchange controls also facilitated the import of substantial amounts of foreign capital, and U.S. direct investments rose from \$290 million in 1943 to \$400 million in 1950. Private initiative has played, and continues

to play, a vital part in the country's development. At the same time, in more recent years government policies and investments have become increasingly important in directing and increasing the rate of Mexico's economic development.

Mexico's economic development during the 1940's was achieved in spite of scanty resources and technical difficulties. But the very pace of these advances subjected the economy to severe strain. The growth of the economy often proceeded unevenly, and serious bottlenecks emerged in such basic services as transportation and electric power. On the other hand, every other industry in Mexico for which statistics exist often operated substantially below capacity between 1946 and 1950.

The economic development of the 1940's depended heavily upon an increase in savings which was forced by inflationary means. Nearly 40% of Mexico's total investment between 1939 and 1950 was public investment. Most such investments were covered by public receipts. Nevertheless, substantial deficits were created which were mainly financed, directly and indirectly, through the Bank of Mexico. And this brought about a great rise in prices and incomes. We can get some idea of the inflation in Mexico from the fact that wholesale prices and the cost of living have risen 4 to 5 times since 1940, while the amount of money in circulation at the end of 1952 was more than six times greater than in 1940. Rapid inflation

added to the uneven growth of the economy by diverting scarce capital, materials and manpower from essential to less essential uses, by reducing incentives to save voluntarily and by exerting pressure on the value of the peso through increasing the demand for imports.

In spite of considerable industrialization, Mexico remains predominantly an exporter of agricultural products and minerals and an importer of manufactured goods. The United States is Mexico's principal market and by far its most important source of imports, foreign capital and tourists. These characteristics of Mexico's foreign activities are not likely to change greatly in the next ten years or so.

Between 1947 and 1950, Mexico's exports grew by more than 10% annually. Unless appropriate steps are taken to increase petroleum and other mineral production for export, the prospects of which are not promising now, it is difficult to see how Mexico's exports could continue to grow more rapidly than let us say 3% annually.

On the other hand, we can be certain that the continued growth of Mexico's population and income, as well as the present high rate of domestic investment, will require a high level of imports in the future. Experience has shown that despite import restrictions, high tariffs, and currency devaluation, as Mexico's national income has expanded, the proportion of it spent on imports has increased. Even if the heavy strain on the balance of payments imposed by deficit financing

of economic development is absent in the future, the characteristics of Mexico's developing economy are likely to result in substantial imports. This is so because investment expenditures not only require imports of capital goods but also expand the demand of consumer goods by increasing incomes.

Unless adequate steps are taken to prevent it, such a situation leads to recurrent instability in the foreign exchange situation. In the early postwar years when the wartime backlog of consumer and industrial demand was released, severe balance-of-payments pressures interfered with Mexico's economic progress and led to tariff increases, import restrictions, credit controls and finally, in 1948 and 1949, to devaluation of the peso.

Mexico's obligations for servicing its foreign public debt and foreign private investments are not excessive when compared to its foreign receipts over a ten-year period. However, in the face of possible wide fluctuations in export and other receipts from year to year in contrast with the persistent pressure for imports, Mexico's capacity to attract and absorb additional foreign private investments at any time depends on its ability to reduce the current demand for imports to a level which it can support.

Over a longer time, other considerations are important. In the period beginning in 1939, quick and handsome returns on investments were possible as long as existing

railroads, roads, power stations and water and sewage systems could be made to carry additional burdens, and as long as existing oil fields and mines continued to give rich yields.

In my opinion, Mexico will not find it easy to maintain the remarkable rate of progress of 1939-1950, which was only made possible, on the one hand, by forcing savings up and, on the other, by limiting investments on such public facilities as railroads, sewers and waterworks. The time has come, however, when such expenditures can not be postponed much longer. In spite of heavy investments the railroad situation is still serious and shortages of electric power are still widespread. Mexico City, the most important business center in the country, is urgently faced with a grave problem of water and sewerage which may alone call for the expenditure of hundreds of millions of pesos.

Such investments will not yield quick returns and spectacular results and it is for that reason that the yield of investments in Mexico will tend to fall (it would, of course, fall even more if these investments were not made). Thus, if income per person is to continue to grow at the recent rate, a higher rate of investment than in the past would be needed even if population increased no faster than it has in the last few years. Actually, the rate of growth of the Mexican population has probably not yet reached its maximum.

On the other hand, it will be difficult to maintain Mexico's rate of saving at its remarkably high postwar level. Even if taxes were increased, it would be more realistic to regard such measures as a means of maintaining, rather than of increasing savings.

In order to invest more, Mexico will therefore have to rely more on external capital than in the past. If increased foreign borrowing is not to endanger the balance of payments, it must be accompanied by appropriate official policies. The uncoordinated selection of development projects will no longer bring the same results as in the past. Projects must be chosen in order as far as possible to economize the use of capital and to offset the tendency of yields to fall.

The recently inaugurated government of President Ruiz Cortines has, during its first few months in office, placed great emphasis on the need for an orderly and balanced development of the country's economy. The President has made it clear, moreover, that his Government will make every effort to assure that further economic advances are accomplished without sacrificing the stability of the peso. A balanced budget has been submitted to Congress and additional expenditures will be undertaken only if tax revenues exceed the expected level. At the same time, the Government is reexamining pending commitments for expenditures. Although greater productivity in

agriculture is the first priority, the new Government has also emphasized that industrial progress will not be neglected. It plans to promote the more intensive use of available equipment and the elimination of bottlenecks which have hampered increased output in recent years. Such a program appears to me to give considerable promise to help Mexico continue its economic growth on a sound footing. If carried out in conjunction with a determined effort to achieve monetary stability, it should serve both to consolidate earlier gains and to encourage the further balanced development of Mexico's economic resources.

The Role of the World Bank in Economic Development

Talk delivered by Albert Waterston at the University College of the West Indies, on the evening of Tuesday, August 11, 1959.

1. For almost five weeks now, Mr. Chairman and ladies and gentlemen, a group of us from the World Bank has been participating in the Economic Development Seminar which, alas, terminates at the end of this week. We have presented for the consideration of the seminar a wide range of ideas in the process of which we have commented on economic development generally and on the process of development as it applies more particularly to the countries bordering the Caribbean.
2. We have expressed opinions about how an economic development plan and a development agency ought to be organized and administered and the appropriate roles of government and private enterprise in this endeavor; we have discussed the basic considerations involved in fiscal policy, budgets and taxation and the part played by monetary policy and credit; we have looked at the interrelationships between development policy and foreign trade, on the role of capital, and we have dipped into the theory and application of national accounting and the esoteric "multiplier effect". Nor have we neglected consideration of the baleful effects of inflation in deflating aspirations of those countries which would develop without paying the reasonable cost. We have spent some time on the need for balancing growth in agriculture and industry and on the elements which enter into a sound agricultural price policy and marketing system; and we are ending our course this week with sessions on projects, their evaluation and the setting of priorities among them.
3. Although the ideas we express in the seminar are our own and although in some cases they may not coincide with the "official line" of the World Bank, the main body of the concepts we bring to the seminar are, of course, what they must be: the result of our experience accumulated in the Bank in many countries over the years. It is therefore fitting and perhaps high time, that we should speak of the origin, objectives and policies of this Institution.
4. To begin with, then, I should like to make two points:
 - a) Although I shall of necessity concentrate on the record of the World Bank, a record which I believe to be a good one, I would not wish to give an impression that I am unaware that the Bank is only one of the many and growing number of participants in the effort toward worldwide development. The Bank has affected that effort; but it has also been affected by it; and the Bank has been driven, and has driven itself, to a variety of activity not imagined by its founders.

- (b) My second point is related to the first. The World Bank is operating in a complicated and largely new field, and in an economic environment which is constantly changing. These circumstances have required, and will continue to require, that the Bank keep its policies flexible. I shall try to outline for you how the Bank has tried to maintain this flexibility.
5. The World Bank was a war baby. Early in World War II, the U.S. and British Treasuries had started discussing plans for setting up two financial organizations after the war which culminated in a meeting in July 1944 of representatives from 44 nations, at Bretton Woods in the State of New Hampshire in the United States.
6. As a result of decisions taken at that meeting, two organizations were established:
- (a) The first was the International Monetary Fund whose task it has become to promote currency stability by helping to finance temporary balance of payments deficits of its member countries, by providing for the progressive elimination of exchange restrictions and the observance of accepted rules of international financial conduct.
- (b) The second institution was the International Bank for Reconstruction and Development (popularly known as the World Bank). As its full name implies, its purpose was to help finance the post-war reconstruction and development of its member countries by stimulating the international investment of capital for productive purposes. The Bank is therefore a new institution: as a matter of fact, it did not open its doors before June 1946, only 2 1/4 years before this University College of the West Indies.
7. The Bank is nominally one of the specialized agencies of the United Nations (which include FAO, UNESCO, WHO, etc.), but in fact, it operates as a completely independent agency. However, it works closely in the field of technical assistance and, more recently, with the newly established United Nations Special Fund of which Dr. Arthur Lewis, the new Principal of U.C.W.I. is the Deputy Director.
8. As members of the Seminar know, the U.N. Special Fund will make loans to the less developed countries to permit them to conduct comprehensive surveys of their natural resources, manpower, skills and industrial potentials to help create a solid basis for later advancement. The World Bank is collaborating actively with the Management of the Special Fund, and has lent members of its staff to assist the Special Fund in its organizing period. The President of the World Bank is also a member of a Consultative Board set up by the Special Fund.

9. The World Bank is sometimes confused with the Export-Import Bank, although more rarely now than formerly. The Export-Import Bank is, of course, an agency of the United States Government and as such makes loans
 - a) to stimulate exports from the U.S.,
 - b) to further U.S. foreign policy by aiding countries friendly to the U.S. which may be in balance of payments difficulties, and
 - c) it also lends the proceeds from the sale of U.S. surplus agricultural commodities abroad.

10. The World Bank, on the other hand, is prohibited by its Charter from making political loans or from requiring its borrowers to spend the proceeds of any Bank loan in any particular territory (In practice, the Bank does the opposite: It encourages its borrowers to obtain supplies on a competitive international basis whenever possible). But the most important difference is, of course, that the Export-Import Bank is an agency of the United States Government, while the World Bank is an international institution, cooperatively owned by its member countries.
 - a) Starting with some 40-odd member countries, the Bank now has 68 members, and the number is likely to grow as new nations emerge from colonialism. Sometimes we lose a member, as we did in 1950, when Poland withdrew from the Bank, or when Egypt and Syria merged their memberships in the United Arab Republic; and once in 1954 we had to remove a country - Czechoslovakia - from membership for failure to pay a part of its capital subscription.
 - b) Today, besides the U.S.S.R. and its satellites, only 4 countries in the community of nations - New Zealand, Liberia, Portugal and Switzerland - are not members of the Bank.

11. In the early years of the Bank's existence, one sometimes overheard the base canard that the Bank was largely populated by Dutchmen, who operated the Bank with American money, for the benefit of the British. I haven't heard that one for years now.
 - a) For the Bank's employees, now numbering about 625, come from over 45 different countries (and the number of countries may be greater now). It is worth noting, I believe, that in the discharge of their duties, the Bank's officers and staff owe their duty entirely to the Bank and that each member government has undertaken to respect the international character of this duty.

- b) And while it is true that the U.S. has contributed the greatest share of the Bank's capital of about \$10,000 million - about 34% of the total - (the U.K. is the second largest stockholder with about 14%), the combined contributions to the Bank's capital from the less developed countries is also substantial. Moreover, the industrialized nations have always recognized that the Bank must be a truly international institution if it is to be effective and, as a point of fact, decisions taken by the Bank's Board of Executive Directors, who represent all the member countries, are almost always unanimous.
12. When the Bank started operating, the problem of post-war reconstruction was most urgent. In 1947, the Bank made four reconstruction loans to France, Denmark, the Netherlands and Luxembourg, totalling about 500 million dollars. But even while these loans were being made, it was already apparent that the job of rebuilding Europe would require funds beyond the resources of the Bank or the capacity of Europe to repay.
 13. With the adoption of the Marshall Plan in 1948, the Bank was able to turn its attention to its other major responsibility, assisting in the economic development of its member countries. The problems which now confronted the Bank were very different from those of European reconstruction. The task was not simply to restore missing components to mature economies, but to strengthen foundations.
 14. The Bank quickly discovered that the dearth of basic facilities, particularly of electric power and transportation, was putting severe limits on productivity, output and incomes, and on the willingness to invest. The scarcity of electric power capacity was conspicuously handicapping industrial growth; while the lack of dependable and economical transportation had restricted the size of markets for both industrial and agricultural production, and was preventing the development of regions with promising natural resources.
 15. It therefore became the main objective of the Bank's development lending to set free new productive energies by strengthening basic facilities in its member countries. The Bank has made more loans to develop electric power than for any other purpose; but it has lent nearly as much for highways, railways, ports and other means of transportation. Taken together power and transportation account for about 70% of the Bank's development lending; in Latin America, such loans amount to nearly 90% of the total lent in this part of the world.
 16. The expansion of agricultural production has been an important objective of Bank loans for power and transport facilities, but in addition, about 8% of the Bank's development loans has been directly for agriculture, for such things as agricultural machinery, for equipment needed for land reclamation, irrigation and flood control schemes, and for the expansion

of agricultural credit.

17. Of course, industry has also been a major beneficiary of the loans for power, and in addition, another 14% of the Bank's post-reconstruction lending has been made directly for industry. Most of this lending has been made in countries around the periphery of Europe, although the Bank has also made loans for the private production of iron and steel in India, of pulp and paper products in Chile and Pakistan, of cement in Peru and coal in Chile.
18. The Bank has not found it easy to supplement private investment in industry. In underdeveloped countries, industry often develops through a variety of small projects; and it is extremely difficult and costly for the Bank to assess the economic merits and feasibility of these enterprises. Another difficulty arises from the fact that the Bank's Charter prohibits lending to a private borrower in a member country unless the member government guarantees the loan. This requirement has discouraged private borrowers who fear that a government guarantee might lead to official interference in their business; and governments, for their part, have usually been reluctant to give their guarantee for loans to private firms lest they appear to favor one private enterprise over another, or over public projects.
19. In some cases, the Bank has been able to surmount these obstacles by making loans to development banks which in turn make these funds available to industry without government guarantee. In Ethiopia, India, Pakistan and Turkey, the Bank has not only helped finance such development institutions, but has also taken a leading role in helping establish and staff them.
20. An important step to get around the difficulties in the way of Bank assistance to industry was taken in July 1956, when the International Finance Corporation (IFC) was created as an affiliate of the Bank, to invest in private enterprise without government guarantee, and to make not only fixed interest loans - as the Bank is required to do - but more flexible types of investment. The International Finance Corporation, which has a capital of \$100 million, has already made 25 commitments for investments totalling more than \$22 million in 12 countries. However, the impact of IFC operations is much greater than its own contributions would indicate since it is estimated that every dollar invested by the IFC is accompanied by more than \$3 of industrial and private capital.

21. As a matter of general policy, the Bank concentrates its lending on projects designed to contribute directly to productive capacity. This means that it normally does not finance community projects of a primarily social character, such as street-paving, water supply, sewage, housing, hospitals and schools. Although projects of this type are plainly basic to the development of any country, the Bank believes that if it concentrates its loans, which normally finance only a small part of a country's total investment expenditures, on productive sectors of the economy, it can more effectively help raise incomes to levels which will permit developing countries to expand their social projects from their own resources.
22. Nor does the Bank normally make loans for government-owned industries. Because of the many claims upon public funds for projects unattractive to private capital, the Bank believes that, to the greatest extent practicable, competitive industry should be left to private enterprise. The Bank has no absolute bar against making loans for government-owned industries, but it will make them only in cases where private capital is not available, and if the government's participation is not likely to detract from efficient operation, or have an unduly deterrent effect upon the expansion of private initiative and enterprise.
23. The Bank has thus far made 233 development loans in support of some 600 projects in about 50 countries and territories totalling more than \$4,000 million. Since our borrowers have invested at least as much of their own capital in these projects, the Bank in cooperation with its borrowers has helped and is helping create new material wealth of at least \$8,000 million.
24. By the standards of highly industrialized countries, this amount may be modest, but in the setting of less developed countries, it has permitted substantial growth. For instance, three Bank loans totalling \$47 million to Colombia for highway construction and rehabilitation have for the first time in Colombia's history permitted the inter-connecting of the country's four major regions separated by ranges of the Andes, and has reduced the period of surface travel between these regions from a matter of weeks to one of as many days; a single loan of only \$16 million to El Salvador for electric power development doubled the power capacity in that country; even in Brazil - a large country - a series of Bank loans have increased by two-thirds the power capacity that existed there when the first loan of the series was granted in 1949.

25. 34% of the proceeds of the Bank's loans have gone to countries in Asia, 24% to Latin America, 20% to Europe, 14% to Africa and 8% to Australia. In the Caribbean area loans have been made to Haiti, Mexico and all the five republics of Central America, as well as to Panama and Colombia. India is the largest borrower with 23 loans totalling \$611 million; Haiti is the smallest, with one loan of \$2.6 million. The largest single development loan which the Bank has made thus far was for \$100 million to Australia, and the largest for a single project was one for \$80 million for the Kariba hydroelectric development project for Rhodesia and Nyasaland; the smallest loan was for \$252,000 to Iceland for the construction of a radio transmitter building.
26. May I mention some additional data for the benefit of the bankers among us: The Bank has made only two loans with final maturities of less than 5 years. By far the great majority of our loans run for 20 and 25 years. Each loan usually includes a period of grace for the first few years until completion of the project for which the loan has been made with principal repayments beginning thereafter.
27. Interest and other charges on Bank loans are uniform without distinction among borrowers. The interest on any loan is determined by what it would cost the Bank to borrow money for the same period in the United States, to which is added 1% for a special reserve and 1/4 of 1% for administrative expenses. The interest rate for loans of 20 years or more has fluctuated between 4% (in 1950) to 6% (in 1957).
28. The Bank has not had any defaults in payments of interest or principal on its loans. As of the end of June of this year, it had received capital repayments on its loans amounting to about \$500 million and it had accumulated reserves of over \$420 million. I used to cite figures like these with pride in talking with bankers, confident that they would respect a non-private banking institution which knew how to avoid defaults and earn money. But recently, on one occasion, a banker in the audience said he doubted whether a bank which had never had a default really took any risks.
29. Well, the World Bank was created to take risks. We are prohibited from making a loan if the borrower is able to obtain the loan from private sources under reasonable conditions. If I may paraphrase what the pilot of a non-scheduled airline once described for me as the difference between the unscheduled and scheduled airlines, "we start to fly", he said, "when everyone else stops". The Bank can begin to lend only when everyone else stops lending.

Indeed, one of the principal reasons why the Bank was created was to have an agency which would accept the special risks inherent in international investment in cases where, by reason of those risks, private investors were unwilling or unable to act unaided. Thus, the Bank must accept the risk of another World War or the recurrence of a world-wide depression.

30. The Bank must also be prepared to venture into new and untried fields. For example, together with Italian authorities, it has been exploring the economic feasibility of an atomic power plant in the relatively underdeveloped southern half of Italy. It will come as no great surprise if the Bank makes a construction loan for this purpose soon.
31. But the acceptance of such risks does not relieve the Bank from acting prudently with the funds entrusted to it and from making loans for productive purposes only where there are reasonable prospects of repayment. Underlying many of the Bank's lending policies is the requirement in its Charter that, except in special circumstances, loans by the Bank must be for specific projects. The objective of this provision is simply to assure that Bank loans are used for productive purposes. The Bank has on occasion made loans to finance programs embracing projects in different economic sectors or for foreign exchange needed for general development, but the most typical loan by the Bank has been a single loan to finance imports for a single project.
32. However, in most countries where the Bank has lent, it has lent more than once, has lent for various purposes, and often has lent for projects which complement each other. In Nicaragua, to cite an example, a series of loans has been made for tractors to increase agricultural yields, for roads to improve transportation between producing areas and markets, for a plant to store grain and for power stations to supply local industries, many of which process domestic agricultural products.
33. In the early days of Bank operations, there was considerable outside criticism of the specific project approach, but the criticism was generally based on the assumption that the Bank examines the merit of a project in isolation, without reference to the global requirements of an economy. In fact, the Bank does precisely the opposite. Whenever a project is presented to the Bank for consideration, the Bank attempts to do three things:
 - a) Firstly, it makes a detailed analysis of the technical, financial and administrative plans for the project. This analysis involves work in Washington, and, almost always,

field investigations by a Bank mission.

- b) The Bank then examines the project from the point of view of its relationship to the country's major development needs, and satisfies itself that the project is one of high economic priority.
 - c) And finally, an economic appraisal is made of the amount of external debt which the prospective borrowing country can reasonably be expected to service, taking due account of the country's economic practices and policies and its capacity to exploit its resources and operate its productive facilities effectively.
34. If the Bank agrees to make a loan it will usually finance only the foreign exchange required to pay for imported goods and services for the project. The local currency needed for the project must normally be supplied by the borrower. By concentrating on loans for foreign exchange requirements, the Bank finds it easier to make sure that its loans will be used for productive purposes; but more important, it provides a practical way of mobilizing resources within a member country to the fullest possible extent. The Bank feels that a substantial contribution by the borrower to a project acts as a powerful incentive insuring the success of a project. Foreign capital may provide a necessary margin for rapid development, but unless there is a strong base in domestic savings, no amount of international capital is likely to bring lasting results.
35. There are, however, borrowing countries which may not be able to maintain a satisfactory level of growth at some stages of their development if they are required to obtain from non-inflationary sources local currency to complement foreign exchange loans from the Bank. The Bank has tried to help meet this situation in various ways, sometimes by getting the U.S. Development Loan Fund to make a loan in dollars repayable in the local currency of the country involved (as was the case with Honduras when that country could not find the lempiras it needed to match the foreign exchange the Bank was prepared to lend for highway construction) or by getting the advance countries to make grants of hard currency for local expenditures (as was the case with the ill-fated attempt by the Bank to finance the High Aswan Dam Project in Egypt).
36. But these ad hoc solutions are proving increasingly unsatisfactory as the number of countries which find themselves in justifiable need of more local currency increase. This situation has started the United States exploring with other countries the possibility of establishing an International Development Association as an affiliate of the Bank which would be empowered to make hard currency loans for local expenditures repayable in local currencies for use on projects for which the Bank lends foreign exchange.

37. When the Bank extends a loan, it establishes and maintains a continuing relationship with the borrower for the life of the loan. There are two main aspects of this relationship:
- a) First, the Bank checks to assure that loan funds are released and expended only for authorized goods or services and closely follows the progress of the projects, through regular reports and through field inspections by its own staff.
 - b) Secondly, during the entire life of the loan the Bank keeps in close touch with economic and financial developments in the borrowing country through information submitted by the government, periodic visits to the country by Bank officials, and consultations in, and exchange of views with, government representatives.
38. By following the progress of the project, the Bank attempts to bring to light at the earliest possible moment unforeseen technical, administrative, financial or other difficulties which frequently arise in the execution of construction programs and to assist the borrower in solving them. For similar reasons, the Bank gives continuing attention to factors bearing on the economic and financial well-being of the borrowing country. One objective is, of course, to assure that maintenance of service on Bank loans is not jeopardized by the emergence of conditions which might reasonably be prevented. But the Bank also has a broader objective in view. By keeping in touch with its members, the Bank tries to furnish technical assistance to them to help meet important economic problems.
39. The character of that technical assistance has greatly changed over the years. It was inevitable that many of the projects presented to the Bank in the early years of its operation, would be incompletely or inadequately studied and poorly prepared. There was little experience in the less-developed countries in planning projects and a shortage - much greater even than today's - of technicians and managers able to design and carry out development projects, e.g., (Sumapaz and FEIPA). In another case, we found when a government approached us for a loan that it had commitments for constructing 100 different major highways. Road gangs went to work on each project at the beginning of the year and were soon laid off because funds ran out. Men and equipment were idle until a little more money was found and work started again, only to be stopped a few weeks later.
- 40a. It quickly became plain that the Bank could not simply sit back and accept or reject loan proposals. If it was to help finance a large number of projects it would have to offer advice on how to prepare projects. The Bank therefore became - and remains today - an advisor to its member countries on the economic,

engineering and organizational factors bearing on the preparation and execution of development projects.

40. At first, it must be admitted, the less-developed countries did not always take kindly to the Bank's suggestions. But as confidence between the Bank and its member countries grew, and the value of the Bank's assistance in preventing a waste of resources became more recognized, an increasing number of countries came to the Bank for advice. The Bank has been able to demonstrate that it is capable of giving disinterested advice based on a growing volume of experience with the development process; and on the other hand, practical politicians have shown that they want and can use the advice of an international body in which their government is a shareholder, without inviting political repercussions within their own countries which may follow their taking advice from another government, or even that of qualified local specialists, who are sometimes in the unhappy position of being prophets in their own houses.
41. During the early years of the Bank's existence, applications for development loans not infrequently consisted simply of lists of projects which the member country had under consideration without any indication of their relative priority and relationship to the development needs for the country as a whole. The virtual absence of planning agencies in those days led the Bank increasingly to furnish advice on the setting up of global development plans. Then, in 1949, the Bank complied with a request of the Government of Colombia to organize a general survey mission to analyze the Colombian economy and to make recommendations on the basis of which the government could formulate a long-term development program. As a result of the work of this mission of about 17 technicians, a report was published which the Colombian Government used in formulating its development programs. Subsequently, the general survey mission became the Bank's most comprehensive instrument for giving developmental advice to member countries. General survey missions have now been organized for some 18 countries, including in this area besides Colombia, Guatemala, Cuba, Jamaica, British Guiana and Surinam. The Bank has also engaged in a number of other undertakings analogous to the survey missions. For example, a joint Bank-Mexican team of economists prepared a report on the economic development of Mexico and specialized studies on agricultural development have also been prepared for Uruguay, Chile and Colombia.
42. The technical assistance given by the survey missions eventually led member governments to request Bank assistance, not only in drawing up development programs, but in putting them into effect. In compliance with requests from its members, the Bank has been stationing representatives in a number of countries for this purpose. In this area, such representatives have at one time

or another been stationed in Haiti, Guatemala, Nicaragua, Honduras, Panama and Colombia. Lately, there has also been a number of instances in which the Bank is being asked for advice in setting up and improving the operation of organizations for planning development programs, and where we have been asked and have been able to do so we have also helped in recruiting experts needed for key government positions concerned with development work.

43. I have already mentioned that the Bank has provided technical assistance to several member countries in establishing development banks. The Bank has increasingly been asked to provide technical assistance on a broader scale and on matters not connected with immediate loan proposals. As long ago as 1950, for example, a Bank representative helped a public power authority in El Salvador float a public bond issue - the first in that country - and the Bank has since then frequently made available members of its staff to member countries seeking advice on the development of capital markets.
44. The Bank has been acting as mediator in a number of disputes between member governments. It was able to help bring about a financial settlement on the troublesome matter of the Suez Canal dispute between the United Kingdom and the United Arab Republic and the Bank is continuing its effort to bring the Governments of India and Pakistan together over the use of the waters of the Indus River system. The continuation of this dispute is a serious threat to the economic welfare of these two countries.
45. The Bank has also conducted a training program for junior officials from less developed countries which has in eleven years furnished training to about 100 men and women from over 50 countries and territories, each of whom have worked for a year in the Bank alongside the regular Bank staff.
46. Anyone who works in economic development soon realizes that one of the most serious obstacles in the path of development is the shortage of senior administrators skilled in the management of economic affairs. In order to make available to its member countries its wide experience in this field, the Bank, in 1955, established the Economic Development Institute. The Institute is in the nature of a staff college which provides an intensive six-months course in the practical problems of economic development for senior administrative officers from developing member countries. The Institute has already completed four courses which were attended by 75 officials from 38 countries and territories, including 8 from the Caribbean area. Many of the graduates, or Fellows of the Institute, as we call them, have moved up

- the administrative ladder and some now hold ambassadorial and ministerial posts in the service of their countries. In October, the Institute will begin its fifth regular course in Washington with 24 additional officials from 21 countries and territories. The Seminar in which the Institute is participating here is a new departure and is in the nature of an experiment by which the Bank hopes to reach out to as great a number of officials as possible in this area.
47. As the foregoing account indicates, the Bank has tried to meet the changing requirements of a developing world by a variety of approaches to lending and technical assistance; and as with lending and technical assistance, the Bank has found that it must adapt its borrowing activities to post-war changes and developments in the money markets of the world and to use varying ways of obtaining funds to lend.
48. When the Bank was established, it was obvious that most of its member governments would be in straitened financial circumstances after the war and that most countries which had been important sources of international investment would be short of capital and capital goods for an unpredictable period. It was equally apparent that private investors, with the unhappy memory of the defaults of the less-developed countries which in the 1930's had followed the more extravagant loans in the 1920's, would not be an important source of investment capital unless some way were found to re-establish their confidence in international lending. However, political instability and xenophobia in many countries made an early revival of that confidence unlikely.
49. In these discouraging circumstances, the formula adopted to provide the Bank with funds could only call for small contributions from most member governments and could only make provision for obtaining additional funds from private sources at a later time if and when the world situation had greatly improved. Although, therefore, the Bank was capitalized at \$10,000 million, each member was required to make only a modest payment, amounting to 2% of its subscription in gold or dollars; another 18% of each country's subscription had to be paid in its own currency but this contribution could not be lent without the country's permission; the remaining 80% was unpaid and callable only if the Bank should need it to meet obligations arising from guarantees or borrowings.
50. At first, every borrower wanted only dollars, and the 2% paid in subscriptions in gold and dollars totalled only \$760 million. We need only recall that the first four loans made by the Bank in 1947 amounted to about \$500 million to realize how quickly the Bank's resources were depleted. The United

States and, then, Canada came to the rescue and by 1952 both had released their entire 18% subscriptions to the Bank to lend without restrictions. These releases, which added \$625 million to the Bank's lendable resources, were of vital importance; for the first five years they were the bulk of the subscribed capital available for lending. After 1952, as Europe once again became a supplier, the Bank began to lend currencies other than dollars which European member countries released.

51. But as I have already indicated, the Bank had been established to encourage international investments of capital and not merely to lend government funds. The founders of the Bank had believed that the chief means by which the Bank would promote such investment was by guaranteeing bonds offered by its members to private investors. The Bank has never used this technique, but decided instead to issue its own securities.
52. But this was far easier to decide than to do. The only market for funds at first was the United States. There, the financial community distrusted international investment of any kind, even by the best institutions; and the Bank was new and almost unknown. Moreover, under Federal and State laws, many banks, insurance companies and other institutional investors who largely compose the market for bonds in the United States, could not legally buy the Bank's bonds even had they wanted - and they didn't want to. I shall not burden you in this already I fear, too lengthy account, with the story of how the Bank established its credit, first in the United States money market, then progressively in those of the United Kingdom, Switzerland, Canada, the Netherlands, Germany and Belgium.
53. What is of interest, I think, is that the Bank has, through the sale of 45 issues of its securities, added the equivalent of \$2,400 million to the lendable resources of the Bank, an amount which exceeds the contributions by its member governments. Most of these bonds are dollar bonds, but increasingly, the Bank is selling bonds in other currencies and there are now outstanding bonds equivalent to \$300 million in currencies other than dollars. Moreover, about half the Bank's bonds are now held outside the United States, mostly by private purchasers, in at least 34 different countries. The most significant thing about these developments is not that the Bank has now lived up to the expectations of its founders that it would obtain its funds mostly from private sources; nor is it that the Bank is becoming less dependent on the United States market for adding to its resources and is beginning to borrow outside the U.S. the currencies it needs to re-lend (I might mention that in our lending we use more than 30 different currencies); nor is it even that the Bank is tapping surplus funds wherever it can find them, and channeling them to where they are most needed, important though all these things are; to my way of thinking, the most significant thing about the way the Bank

has distributed its bonds is that the Bank has thereby helped bring about a reawakening of the interest of private lenders in international investment until they are willing, increasingly, to make such investments on their own account.

54. In striving to accomplish this objective, the Bank has tried to bring the investor and the borrower into closer contact with each other, on the theory, now confirmed, that they would get to like and trust each other more if they had a chance to deal with each other directly. There can be little doubt, for example, that by getting banks and other financial institutions in the United States, Canada and Europe to participate in its loans at the time they are signed or by later selling borrowers' obligations out of its portfolio, the Bank has succeeded in bringing investors and borrowers closer. At first, such participations and sales had to be accompanied by the Bank's guarantee, but after 1953, this was no longer necessary. Thus, out of a total of \$575 million of such sales and participations, which the Bank has sold to private institutions, \$505 million have been made without the Bank's guarantee.
55. But the Bank has now succeeded in bringing private lenders and borrowing countries into even more direct relationship with each other by getting the private money market to accept an offering or private placement of the borrowers' own securities (without any Bank guarantee) coincidentally with the making of a Bank loan to the same borrower. In this way, private lenders are once again making loans directly to governments without channeling them through another agency. Thus far, the Bank has sponsored 13 of these joint operations with the money market, five of them in the last 12 months, a development which gives hope that at long last, the rapprochement between private lenders and developing countries is under way.
56. Meanwhile, the rate at which the Bank has been lending has been accelerating. In the Bank's first 11 years of operation, annual lending averaged \$280 million; in the last two years, we have been lending at a rate of more than \$700 million a year and signing an average of one loan every ten days. In the last 24 months, the Bank has loaned nearly one-third of all the money it has lent in the 13 years of its life.
57. The reasons for the new, higher level of lending activity are not hard to find. The Bank is operating in many more countries and territories; membership in the Bank has grown from 44 to 68 countries in the last decade. The Bank is also getting an increasing number of adequately prepared projects from member countries with whom we have been in close relationship for many years. There are many indications, too, that member countries are beginning to build up the organizational

structure, and to adopt the administrative procedures, necessary for sustained and rapid growth. Finally, some big projects, like the huge Yanhee power, flood control and irrigation project in Thailand, which had been under study in the Bank for several years, are reaching the lending stage. In the case of the Yanhee Project, for example, the Bank made a loan for \$66 million last fall to finance only the first stage.

58. The increased rate of Bank lending and the prospect that lending will be maintained at high levels, has recently made it necessary to initiate moves for more than doubling the Bank's authorized capital from \$10,000/^{million} to \$21,000 million. This proposal, which is now well on the way toward realization, would not entail any further paid-in subscriptions by member governments; but by increasing member countries' uncalled subscriptions would increase the Bank's ability to borrow more easily from the private market. So far, the Bank has never refused a loan for lack of funds. The increase in the Bank's capital should make it possible to maintain this record for the foreseeable future.
59. In closing these remarks, may I quote some excerpts from one of the Bank's Annual Reports:

The Bank was born in a time of trouble; it operates now in a time of rising hope. It has had the good fortune to be working in an age when economic progress has been the concern of more individuals, more organizations, more countries than ever before. There has been no lack of opportunity to learn and relearn from experience. In summary, it has been shown that economic development requires more than machines, more than money. It has to be an awakening in the minds of people, in all walks and conditions of life - an awakening that will move them to work more effectively for tomorrow's need. The World Bank, in carrying out its role to help bring about this awakening, does so with a sense of much learned and much done, but with a full realization that there is much more yet to learn and much more yet to do.

"PLANIFIER LA PLANIFICATION"
DANS LE CADRE DE L'ALLIANCE POUR LE PROGRES*

par Albert Waterston **

Comme le dit la Charte de Punta del Este, "c'est le but de l'Alliance pour le Progrès que de rassembler toutes les énergies des peuples et des gouvernements des républiques d'Amérique Latine dans un grand effort coopératif afin d'accélérer le développement économique et social des pays participants pour qu'ils puissent atteindre aux niveaux maxima de bien-être avec des chances égales pour tous, dans des sociétés démocratiques adaptées à leurs besoins et à leurs aspirations". Afin d'atteindre des niveaux de revenus, qui, dans un temps raisonnable, seraient capables d'assurer un développement autonome, la Charte fixe comme but pour chaque pays d'Amérique Latine, un taux de croissance annuel par tête d'habitant de 2,5 pour cent au moins, pendant les dix prochaines années. Puisque le taux de croissance de la population en Amérique Latine a été de quelque 2,5 pour cent par an, ceci signifie un taux de croissance annuel du revenu national d'environ 5 pour cent en moyenne par an. Trois ou quatre pays seulement d'Amérique Latine ont été capables au cours des dernières dix années de maintenir ce taux de croissance.

On a calculé que ces taux de croissance élevés/requ^{er}ront, au cours des prochaines dix années, pas moins de 100 milliards de dollars de capitaux, dont 20 milliards venant de l'extérieur. On attend des pays d'Amérique Latine qu'ils apportent 80 pour cent des ressources nécessaires pour atteindre les objectifs de l'Alliance pour le Progrès¹. Les ressources propres des pays d'Amérique Latine devraient être accrues à la suite de réformes fiscales, de meilleurs prix et de conditions du marché d'exportation plus avantageuses; ces dernières provenant d'accords de stabilisation des matières premières, de réductions de tarifs dans les

* Etude présentée le 30 avril 1962 devant le séminaire, réunissant le corps enseignant de la Maxwell Graduate School of Citizenship and Public Affairs de l'université de Syracuse (Etat de New York), sur l'administration du développement.

** Les avis exprimés dans cette étude sont basés sur les opinions et convictions personnelles de l'auteur et ne reflètent pas nécessairement les vues de l'organisation avec laquelle il est associé.

¹/ Douglas Dillon, Secrétaire du Trésor américain, cité par le "New York Times" le 1er décembre 1961.

pays importants et de la création d'un marché commun d'Amérique Latine. Le gouvernement des Etats-Unis a fait savoir qu'il sera en mesure d'apporter 11 milliards de dollars au titre de l'assistance économique; 3 milliards de dollars devraient provenir des investisseurs privés américains, 3 milliards de dollars d'autres pays exportateurs de capitaux (contributions publiques et privées), et 3 milliards de dollars d'institutions bancaires internationales^{2/}.

Le niveau des investissements proposé pour les dix prochaines années doit être plusieurs fois supérieur au total des sommes investies en Amérique Latine depuis la fin de la deuxième guerre mondiale. L'assistance économique extérieure seule se chiffrerait à plus de trois fois le montant de toute l'assistance économique que l'Amérique Latine a reçue entre 1946 et 1961 des Etats-Unis et des organisations internationales, y compris la Banque Internationale et ses institutions affiliées, la Banque Interaméricaine de Développement et d'autres sources^{3/}. Si l'aide extérieure atteint réellement l'ordre de grandeur envisagée, il est improbable que le développement de l'Amérique Latine souffrira d'une pénurie de capitaux dans les années qui viennent.

Afin de tirer le maximum de profit de ces investissements accrus, la Charte de Punta del Este recommande aux pays d'Amérique Latine de formuler des plans de développement (globaux) à long et à court terme, et de se fixer des objectifs dans le domaine de l'éducation et de la santé publique portant sur une période de 10 ans. La période couverte par les plans à long terme variera d'un pays à l'autre, suivant les vœux exprimés par chaque pays. Cependant, cette période très probablement variera de quatre à dix ans. Dans des discussions récentes, la période mentionnée pour les plans à court terme est de deux ans.

En plus la Charte demande aux pays d'Amérique Latine de créer ou de renforcer les administrations nécessaires à la programmation économique à long terme, d'achever des projets en cours, d'entamer la réalisation des projets pour lesquels des études préliminaires ont déjà été faites

^{2/} Douglas Dillon, Secrétaire du Trésor américain, cité par le Département of State, Press Release No. 587, 22 août 1961, p. 5-6.

^{3/} Le total de l'aide économique extérieure venant de ces sources se chiffrerait à 6.3 milliards de dollars. Voir U.S. Senate, 87th Congress, 2nd Session, Special Report on Latin America, November and December 1961. Exhibits 3 and 4, pp. 47 and 48.

et d'exécuter de nouveaux projets, d'utiliser la capacité industrielle ou les ressources non utilisées (en particulier la main-d'oeuvre sous-employée), de procéder à l'étude des ressources naturelles et de faciliter "la préparation et l'exécution de programmes à long terme par les mesures suivantes: (1) la formation du personnel enseignant, de techniciens et de spécialistes; (2) la formation accélérée d'ouvriers et de paysans; (3) l'amélioration des statistiques de bases; (4) l'établissement de facilités ou institutions de crédit et de commercialisation; et (5) l'amélioration des services administratifs".

II

Il est manifestement au delà des ressources techniques de la plupart, pour ne pas dire de tous les pays d'Amérique Latine, de mener à bien des tâches aussi diverses et difficiles sans le recours à l'assistance technique extérieure. En effet, aucun de ces pays n'a pu accumuler beaucoup d'expérience dans le domaine de la formulation et de l'exécution de plans de développement globaux. La Charte indique que pour mettre cette assistance à la disposition des gouvernements des pays d'Amérique Latine, le gouvernement des Etats-Unis, l'Organisation des Etats Américains, la Commission Economique pour l'Amérique Latine et la Banque Interaméricaine de Développement fourniront leur assistance technique directement ou indirectement. Un Institut de Planification Economique pour l'Amérique Latine a été établi par la Commission Economique pour l'Amérique Latine avec le but de former des techniciens de la planification et d'autres fonctionnaires associés aux activités de la planification, de fournir l'assistance technique nécessaire à l'organisation et à l'amélioration des agences de planification ou autres organismes chargés de la planification globale ou sectorielle, et de fournir toute l'aide requise pour la préparation de plans de développement nationaux. Conformément à sa politique générale d'élargissement de ses activités d'assistance technique et de formation, la Banque Internationale a récemment établi un service d'experts du développement économique dont la tâche principale sera de conseiller les gouvernements des pays moins développés, membres de la Banque, en matière économique et financière, et particulièrement en ce qui concerne la préparation et l'exécution de programmes de développement. "L'Organisation pour la Coopération Economique et le Développement" envisage l'établissement d'un centre du développement économique chargé de former des planificateurs et de fournir de l'aide technique. Enfin, d'autres pays ayant des relations commerciales avec l'Amérique Latine aussi bien que les Nations-Unies et ses agences spécialisées continueront sans doute à fournir de l'assistance technique à l'Amérique Latine. Ainsi il apparaît qu'il y aura un nombre suffisant d'agences nationales et internationales s'occupant de l'assistance technique pour l'Amérique Latine. Cependant, il est probable qu'il y aura une pénurie sérieuse

d'économistes ayant de l'expérience, de statisticiens, d'ingénieurs, d'agronomes et d'autres techniciens et administrateurs engagés dans la planification et l'exécution. La demande déjà grande de techniciens qualifiés, augmentera sans doute rapidement parallèlement à l'accroissement des programmes d'assistance extérieure dans le cadre de la "Decade of Développement", si bien connue à laquelle les Etats-Unis et les Nations Unies ont donné leur appui.

Du côté de l'offre, il y a peu d'espoir d'un accroissement rapide. N'importe quel programme de formation accélérée de planificateurs prendra du temps. Ainsi l'Institut de Planification Economique d'Amérique Latine envisage, dans les deux ou trois années suivantes, d'augmenter le nombre de participants formés dans ses cours à 80 et même 100 par an. Même si ces buts ambitieux sont atteints, le nombre moyen de techniciens formés qui pourraient être mis à la disposition de chaque pays d'Amérique Latine sera probablement peu élevé, particulièrement au cours des premières années du programme de l'Alliance. En plus, afin d'atteindre les buts de formation et autres qu'il s'est assigné, l'Institut compte qu'il lui sera nécessaire de recruter environ 30 "experts hautement qualifiés"^{4/}. Bien que l'utilisation judicieuse de l'assistance technique déjà en place soit en mesure sans doute de diminuer la demande des techniciens supplémentaires et, dans quelques pays, puisse révéler même qu'il en existe plus qu'il n'en faut pour le moment, l'opinion générale est que pour la région prise dans son ensemble, il y aura une pénurie de techniciens et d'administrateurs éprouvés, nationaux ou étrangers, pour mener à bien les tâches de l'Alliance pour le Progrès, spécialement s'il faut tenir compte du problème de la langue.

III

En formulant un programme national de développement global, les planificateurs essayent de faire des évaluations réalistes des ressources financières et autres, et dans les limites de ces ressources, d'établir des priorités pour différents secteurs et projets. Confronté à un grand nombre de tâches qui, très probablement, excèdent ses ressources techniques et administratives, chacun des pays d'Amérique Latine participant à l'Alliance pour le Progrès, serait bien avisé d'évaluer d'abord sur une base réaliste ses ressources techniques et administratives, l'importance relative, suivant sa situation particulière, de chaque tâche de planification qu'il s'est assigné la répartition judicieuse de ses rares cadres techniques et administratifs, et l'affectation de ceux-ci en vue de l'obtention du meilleur résultat. En donnant ainsi tout

^{4/} ECLA, Noticias de la Cepal, Ano VII, No. 6, 26 enero 1962, pp. 4 and 7.

d'abord la priorité aux problèmes de la "planification de la planification", un gouvernement réduit le risque de voir trop grand en demandant trop à ses techniciens et à ses administrateurs ou en dispersant ses efforts de manière telle qu'à la fin il se trouve dans la situation de réaliser trop peu pour avoir voulu trop entreprendre.

La plupart des personnes qui connaissent les voies désordonnées suivies pour le développement des économies sous-développées dont les projets privés sont sans rapport entre eux, sans perspective commune et ne sont pas inscrits dans un cadre unifiant la politique économique ne peuvent que se réjouir du courant actuel vers la programmation ordonnée des investissements au moyen de plans globaux à long terme. Il y a toujours ceux qui ne peuvent dissocier la planification d'avec le socialisme ou d'avec les contrôles centralisés de l'économie, au détriment de l'entreprise privée, mais ceux qui raisonnent ainsi sont, comme quelqu'un l'a dit "une armée en retraite"^{5/}. Quand Arthur Lewis a dit "la vérité est que nous sommes tous des planificateurs maintenant", c'était peut-être prématuré en 1949, mais ces mots sont bien vrais aujourd'hui.

Il y a aussi ceux qui, tout en acceptant la planification comme désirable ne partagent pas l'opinion générale que la planification requiert la planification de plans globaux. Albert Hirschman, par exemple, a maintenu que l'élaboration de programmes de développement globaux et intégrés n'est pas essentiel et en fait pourrait être nuisible. La bonne planification se limite seulement à l'étude et à la préparation complète d'un projet donné, pour s'assurer et si ce projet correspond à un besoin réel, si les études techniques et les études de marché nécessaire ont été faites, si le financement a été assuré de manière que ce projet ne reste pas incomplet pendant des années, et si d'autres possibilités de pourvoir au mêmes besoins ont été explorées et rejetées pour des raisons valables"^{6/}.

5/ W.A. Lewis, "The Principles of Economic Planning", Dennis Dobson Ltd.
- George Allen and Unwin, LTD., London, 1954, p. 14.

6/ Hirschman, Albert O., "Economics and Investment Planning: Reflections based on Experience in Colombia," in Investment Criteria and Economic Growth, Asia Publishing House, Bombay, et al., 1961, pp.38-9. Le professeur Hirschman écrit ces mots en 1954. Depuis, il a modifié sa position. Voir note 5, p. 78 de son livre...

Hirschman aussi attire notre attention sur le fait que "la planification économique totale et intégrée pourrait être et souvent en fait coexiste à l'amiable/^{ou} peut servir à cacher une improvisation totale en ce qui concerne la préparation et l'exécution de projets d'investissements".^{7/}

Le point de vue exprimé par Hirschman nous rappelle d'une manière salutaire que la planification globale à long terme est, au mieux un exercice futile et au pire un exercice abérrant si les projets ne sont pas bien préparés. Mais ce point de vue n'est pas partagé par la plupart des économistes ayant quelque expérience dans les pays en voie de développement. Le point de vue qui semble prévaloir pourrait être résumé comme suit: il n'y a pas un abîme entre ceux qui croient en la nécessité de préparer des plans globaux à long terme et ceux qui voudraient limiter la planification simplement à l'évaluation de projets individuels. Ces points de vue respectifs pourraient être caractérisés comme macro économique et micro économique, ou encore comme planification^{8/} et exécution^{9/}. C'est une erreur de penser que ces points de vue soient diamétralement opposés; en effet, les deux sont nécessaires^{10/}.

^{7/} Op. cit., p. 39

^{8/} La planification comprend:

- a) une évaluation des ressources réelles (financières, main-d'oeuvre, etc.) basée sur les niveaux prévus du revenu national, de la consommation, de l'épargne et des investissements (locaux et étrangers), des importations et exportations, de la population, de la main-d'oeuvre, etc;
- b) la distribution de ces ressources, sur la base de la production dérivée des investissements ("incremental capital-output ratios"), entre les différents secteurs de l'économie de façon à atteindre les objectifs et buts planifiés;
- c) l'énonciation des instruments de la politique économique, en vue de la réalisation des buts et objectifs planifiés;
- d) des rapports et une évaluation générale sur l'exécution du plan;
- e) au cours de l'exécution du plan, et chaque fois qu'il est nécessaire, des recommandations quant aux décisions qui s'imposent pour atteindre les objectifs du plan.

^{9/} Dans ce papier, "exécution" comprend la programmation ou la préparation aussi bien que l'exécution des projets, la programmation et la réalisation des études qui s'y rapportent, les études de pré-investissements et sectorielles, la préparation et l'exécution de programmes sectoriels, et des rapports sur l'évaluation de programme des projets sectoriels.

^{10/} Colm, Gerhard et Geiger, "Country Programming as a Guide to Development" dans "Development of the Emerging Countries, 1962, p. 68.

IV

Même si la solution de ce problème est acceptable du point de vue théorique, elle ne fournit pas un guide d'actions pour les pays d'Amérique Latine qui cherchent à planifier leur planification. La question se pose toujours: quelles proportions des ressources techniques et administratives d'un pays donné devraient être réservées à la planification globale (micro-économie), et quelles à l'exécution (micro-économie)? De toute évidence il n'y a pas une seule réponse à cette question qui se pose pour tous les pays d'Amérique Latine. Le Mexique, par exemple, a accumulé une expérience considérable dans la préparation et l'exécution de projets et de programmes sectoriels et a établi un matériel statistique pour la planification et la formation de cadres techniques et administratifs expérimentés. Ce pays a atteint un niveau de développement où il pourrait avec profit abandonner une partie substantielle de ses ressources techniques à la planification globale sans mettre en péril et même en toute probabilité en stimulant son taux de croissance. Bien qu'il y est d'autres pays d'Amérique Latine qui soient à peu près dans la même situation, la plupart d'entre eux n'ont ni l'expérience ni le matériel statistique, ni les cadres administratifs ou techniques pour s'embarquer dans la voie de la planification globale ou même dans la préparation de projets impliquant l'existence de tels plans.

Cependant, tandis que la plupart des gouvernements d'Amérique Latine ont quelques offices de planification et que quelques uns d'entre eux ont des plans de développement globaux et des programmes d'investissement publics, pratiquement aucun d'entre eux n'a assez de projets d'investissement bien préparés et prioritaires capables d'absorber les capitaux qui ont déjà été mis à leur disposition. En vérité, et comme la discussion du Séminaire d'Amérique Latine sur la Planification organisée conjointement par l'Organisation des Etats Américains, la Commission Economique pour l'Amérique Latine et la Banque Interaméricaine de Développement ont révélé que "la pénurie de projets d'investissements bien définis et préparés en détail explique en partie le fait que les principes de l'Alliance pour le Progrès n'ont pas encore été appliqués aussi généralement ou aussi intensément qu'on aurait pu espérer ^{11/}. Il est encore plus grave pour l'avenir de l'Alliance que peu de gouvernements possèdent l'organisation administrative et les cadres nécessaires à la préparation de projets nouveaux à une cadence assez rapide pour utiliser les importants fonds d'investissements qui très probablement vont être mis à leur disposition dans les prochaines dix années.

^{11/} Rapport Provisoire sur les Résultats du Séminaire Latin^o Américain sur la Planification - Santiago 19-24 février 1962, p. 6.

Ceci n'est guère surprenant. Les lacunes dans l'organisation administrative et celle des services publics et techniques des gouvernements de la plupart des pays sous-développés sont généralement reconnues. D'une part, un plan global à long terme peut être et, souvent, est mis au point dans ces pays par un petit nombre de techniciens spécialement s'ils reçoivent l'assistance d'experts étrangers; le recours à la machinerie gouvernementale n'est guère nécessaire. Mais d'autre part, il est généralement impossible pour un gouvernement de préparer, d'exécuter des projets en grand nombre sans un recours continu à son appareil administratif. Le gouvernement peut en effet obtenir des techniciens étrangers ou s'assurer l'aide de firmes étrangères sous contrat, mais à cause du caractère du volume et de la nature continue de la préparation et de l'exécution des projets, le concours des services gouvernementaux est ou du moins devrait être nécessaire.

Puisque les réformes administratives destinées à améliorer la programmation des projets dans les pays sous-développés représentent beaucoup de difficultés et, en général, prennent beaucoup de temps, la préparation minutieuse et l'exécution de projets est nécessairement plus difficile et prend plus de temps que la préparation d'un plan de développement global. Ceci ne veut pas dire que la préparation d'un bon plan de développement pour un pays est facile. Mais il est clair que même si les aspects techniques de la planification souvent posent des problèmes économiques difficiles, les aspects touchant à la programmation, à l'organisation et à la procédure de la préparation et l'exécution de projets posent des problèmes sérieux non seulement économiques mais aussi psychologiques, sociologiques et administratifs.

En partie, à cause de ceci, les planificateurs qui pour la plupart ont reçu une formation d'économiste, se sont surtout souciés jusqu'à présent de perfectionner la technique concernant la détermination du caractère et du volume des ressources existants ou nécessaires au développement économique ainsi que de l'allocation de ces ressources à des emplois bien déterminés pendant la période de la planification. Les planificateurs se sont souciés beaucoup moins des différents aspects d'une politique opérationnelle, des procédures et des systèmes administratifs aux moyens desquels les plans de développement et les programmes doivent être exécutés. Par conséquent, les techniques pour la planification globale, bien qu'imparfaites, ont été développées beaucoup plus intensément que les techniques pour l'exécution des plans. Le Premier Ministre Nehru qui comme président de la Commission du Plan de l'Inde, a manifesté une grande compréhension des problèmes de la planification a souligné que: "Nous, dans la Commission du Plan et d'autres, nous sommes devenus plus experts et nous avons acquis plus d'expérience dans la planification. Mais la question réelle n'est pas la planification mais l'exécution du plan. Ceci est la vraie question qui se pose au pays. J'ai peur que nous ne soyons pas aussi experts dans l'exécution que dans la planification." ^{12/}

^{12/} Discours du Premier Ministre de l'Inde à la VIIe réunion annuelle de l'Institut Indien d'administration Publique, octobre-décembre 1961.

Il y a, en effet, beaucoup à apprendre du fait que pour l'Inde, après beaucoup d'années d'expérience sur la planification et l'exécution, "la vraie question n'est pas la planification mais l'exécution". Le poids de cette expérience, de même que l'expérience de la plupart des autres pays, indiquent clairement que si les projets nécessaires à l'exécution des plans doivent être prêts et exécutés comme prévu, une proportion bien plus grande des techniciens existants devraient être assignés à l'exécution plutôt qu'à la planification.

Pourtant, le danger existe aujourd'hui que le nouvel enthousiasme pour la planification globale en Amérique Latine obscurcisse les besoins encore plus grandes que requiert leur exécution. Si on ne tient pas compte de ces besoins plus grands, certains pourraient se trouver dans la position peu enviable de planificateurs qui, après avoir travaillé pendant un an et demi à la préparation d'un plan de développement de dix ans comme en Bolivie, pour la période de 1962 à 1971 (espérant un taux de croissance annuelle de 8.3% du produit national et de 9.1/5% dans les premières cinq années), ont dû reconnaître que: "la déficience principale qu'on note dans la formulation du plan actuel est le petit nombre de projets d'investissements étudiés en détail qui ont été inclus dans le plan. C'est une tâche extrêmement urgente que les études de pré-investissements dont la justification est donnée en détail dans les différentes sections du plan soient complétées maintenant, y incluses les études techniques s'y rattachant, pour que leur exécution puisse être entreprise avec la célérité que les circonstances actuelles requièrent".^{13/}

V

"Planifier la Planification" pour un pays dans le but d'harmoniser judicieusement la planification et l'exécution demande qu'on porte attention au genre de planification et au genre d'exécution compatibles avec le degré de développement d'un pays donné. Ainsi un choix doit être fait entre la formulation économétrique et la formulation empirique ou pragmatique. En ce qui concerne la planification économétrique un grand choix de techniques mathématiques nous est offert. Dans des circonstances favorables et dans les mains d'économétriciens formés, des modèles de croissance mathématiques, des tables d'input-output, la programmation linéaire et la théorie des jeux peuvent être utilisés pour contribuer utilement à la cohérence interne des plans de développement globaux. Mais eu égard aux lacunes des données statistiques de base et de la formation de la plupart des planificateurs d'Amérique Latine, ainsi qu'à la pénurie de techniciens internationaux de la planification suffisamment qualifiés, il est douteux que l'application de techniques mathématiques avancées puissent mener à des résultats valables dans une période relativement courte dans la plupart des pays d'Amérique Latine.

^{13/} Résumé du Plan Economique et Social 1962-1971, Vol. 1, p. 33.

Bien que la plupart des gouvernements d'Amérique Latine aient maintenant des offices centraux de planification, beaucoup d'entre eux n'existent guère que sur le papier, souvent ces offices n'ont pas de contacts ou sont ignorés par les dirigeants des ministères et autres agences gouvernementales et même par les dirigeants politiques de leur pays; ils manquent toujours d'un personnel, souvent mal payé et peu formé. Bien que la planification globale soit un peu mieux considérée, ne serait-ce que pour obtenir l'assistance financière de l'étranger, "elle est toujours regardée dans un bon nombre de pays d'Amérique Latine avec une profonde suspicion. En plus de cette méfiance, la planification a été constamment attaquée par des intérêts politiques et administratifs en place; par conséquent, la tâche de la planification a, dans beaucoup de cas, été confié à des entités administratives fonctionnant en dehors des services gouvernementaux réguliers. Ces services semi-autonomes n'ont que peu de communications et peu d'influence sur les établissements et services publics bien en place".^{14/} Même là où il n'existe pas de suspicion ou d'hostilité directe, le manque de compréhension, de la part des milieux officiels, du but et du rôle de la planification globale est chose courante. Ainsi confiait l'ancien directeur du Département de la Planification de Colombie, "Ce fut une constante surprise pour moi, au cours de ces deux années comme chef du Département de la Planification, de voir le nombre de gens hautement cultivés qui me demandaient la même question: qu'est-ce au fait la planification".^{15/}

^{14/} Résumé d'un rapport d'une Mission Technique organisée par la Société de Planification Interaméricaine avec l'aide financière de la Fondation Ford et la coopération des Nations Unies, de l'ICA et de l'OAS. Février 1961, p. 14.

^{15/} France Holguin, Jorge. "Economic Policy and Planning Review, Bogota, Juin 1961.

Si l'on a égard au manque de données statistiques et de techniques qualifiées, à la nécessité de réorganiser, réaménager et progressivement accroître la qualité des équipes des unités de planning et de préparer les fonctionnaires du Gouvernement à mieux comprendre l'objet de la planification, il y a beaucoup à dire dans la plupart si non dans tous les pays sud-américains sur l'avantage qu'il y a, au moins au début, à adopter des techniques pragmatiques qui sont plus aisées à appliquer et à comprendre que ne le sont bien des formulations économiques, sophistiquées et ésotériques que presque aucun fonctionnaire n'est en mesure de lire.^{16/} Les ambitions d'un plan préparé pragmatiquement devraient être limitées, claires et sérieuses et ces objectifs devraient être peu nombreux et facilement réalisables. Il n'est pas difficile d'identifier les secteurs critiques du développement de l'Amérique Latine. Pour la plupart des pays, il s'agit des moyens de transport, de l'énergie, de l'agriculture, de l'éducation et de la santé publique. Une première approximation et une répartition approximative des moyens financiers et des ressources réelles dont ils disposent entre ces différents secteurs et les autres est possible sans calculs mathématiques trop compliqués, trop long à réaliser. L'approche pragmatique accepte le fait que le plan sera moins détaillé dans les secteurs jugés moins importants -- au moins pendant une première période -- que dans les autres qui sont considérés comme plus fondamentaux pour la réalisation des objectifs principaux. Même dans les secteurs les plus importants, une planification pragmatique permet d'apprécier en termes d'input et d'output, le nombre minimum des facteurs importants, qui interfèrent avec les autres facteurs pour réaliser les objectifs du plan.

L'usage maximum devrait, naturellement, être fait de l'information quantitative disponible. Quand elle est insuffisante, cependant, comme c'est le cas dans la plupart des pays, il est souvent possible de trouver des fonctionnaires, des experts et différentes sortes de personnes qui sont suffisamment au courant des problèmes de leur propre pays et des aspects fondamentaux de ces problèmes pour être capables d'apporter une contribution extrêmement précieuse à l'analyse de la situation.^{17/} Il pourrait être très utile, mais ce n'est pas essentiel, d'avoir des tables d'input et d'output; ce qui est important comme Jan Tinbergen l'a déjà noté, c'est qu'une procédure approchée d'input-d'output soit employée.^{18/} Mais pour ceci, quelques conversations avec les techniciens compétents devraient suffire dans la plupart des pays latino-américains.

Quoique les moyens nécessaires à la réalisation d'un tel plan doivent être encore plus considérables qu'ils ne le sont habituellement pour les plans globaux,^{19/} ces moyens ne devraient pas être basés comme ils

^{16/} Dans leur livre "Planification d'un pays comme guide du développement", déjà cité; Colm et Geiger donnent un détail complet de techniques de la planification pragmatique.

^{17/} Rapport provisoire des résultats du séminaire de l'Amérique Latine sur la planification p.8.

^{18/} The Design of Development Ed. John Hopkins, Baltimore 1950. Chap. II.

^{19/} Les planificateurs ont généralement adopté le point de vue erroné que la formulation des moyens nécessaires à la préparation d'un plan est à proprement parler, un problème de sciences politiques.

Le sont fréquemment sur l'affirmation irréaliste qu'une amélioration substantielle de l'administration publique, de la fiscalité et des structures agraires peuvent être obtenues en deux ou trois ans. Des changements radicaux dans ces domaines peuvent être faits durant la durée de l'Alliance si le programme réussit, mais une bonne planification nécessite beaucoup de scepticisme en ce qui concerne la vitesse de réalisation des réformes pendant les premières années. Une prudente évaluation de ces possibilités est essentielle si l'on veut procéder à des estimations réalistes sur le coût des objectifs du plan eu égard aux conditions administratives, techniques et politiques. L'erreur d'appréciation du coût élevé inhérent à une organisation et à une administration inefficaces, et le temps que nécessite l'élimination de ces inefficacités compte plus que n'importe quoi dans la sous-estimation du coût des objectifs dont la réalisation est poursuivie et c'est une caractéristique presque universelle des plans de développement.

Un plan préparé de façon pragmatique devrait prendre beaucoup moins de temps pour être mis au point qu'un plan mathématiquement intégré. Ainsi, tandis que le plan de 10 ans de la Colombie a demandé deux années et celui du Chili trois ans, il devrait être possible de préparer un plan pragmatique pour n'importe quel pays sud-américain en moins de 6 mois. Il y aurait évidemment quelques lacunes et imperfections dans un tel plan. Cependant, comme la planification est un procédé continu, c'est-à-dire que même le meilleur des plans est sujet à révision au moment même où il est publié, ce serait un raffinement insensé que de vouloir disposer immédiatement d'un plan complètement achevé avant de se mettre au travail. Jusque-là, le pays pourra disposer, en très peu de temps, d'un schéma valable pour décider de ses investissements.

Il ne sera pas facile, naturellement, de trouver assez de planificateurs pour mettre au point des plans pragmatiques pour chaque nation d'Amérique Latine en moins de 6 mois, mais le nombre de planificateurs requis sera de toute façon beaucoup moins considérable que pour préparer des plans économétriques classiques. Beaucoup d'autres choses peuvent être faites pour simplifier et rationaliser la planification,^{20/} et par conséquent réduire par là le nombre de planificateurs nécessaires. Dans la plupart des administrations centrales de planification, par exemple, beaucoup de temps est dépensé à préparer, à apprécier et à examiner des projets et à établir des priorités à l'intérieur de chaque secteur. On justifie généralement cette façon de faire parce que les ministères et les autres services gouvernementaux ne sont pas équipés pour faire ce travail eux-mêmes. Si, cependant, la plupart des techniciens valables sont utilisés à ce la dans les ministères eux-mêmes, comme nous le souhaitons ici, il deviendra possible pour les planificateurs de consacrer la plupart de leur temps à la planification et d'abandonner la préparation des projets et des programmes sectoriels aux autres techniciens.^{21/}

^{20/} L'insuffisance des planificateurs ne peut être éliminée complètement, mais c'est pourquoi il est important d'utiliser au mieux ceux qui sont disponibles.

^{21/} D'une façon idéale, les planificateurs devraient essayer d'abandonner l'évaluation des projets et la préparation des programmes sectoriels

VII

Un plan de 10 ans possède certains avantages psychologiques sur les plans d'une courte durée, parce que ces objectifs sont souvent et d'une façon impressionnante beaucoup plus ambitieux que ceux d'un plan plus court. Il ne faudrait pas cependant surestimer cet avantage, car plus lointain est l'objectif, plus grande pour les gouvernements la tentation de remettre à plus tard les efforts nécessaires pour surmonter les réalités déplaisantes qui se présentent maintenant et qu'il faut surmonter pour rendre possible la réalisation des objectifs plus lointains.

Cependant étant donné que les investissements des 5 dernières années du plan dépendent évidemment d'évènements internationaux et locaux qu'il est pratiquement impossible de prévoir aussi bien que de la réalisation des 5 premières années du plan, les prévisions dans un plan de 10 ans apparaissant nécessairement plus vagues dans la deuxième moitié de la période considérée et il ne s'agit plus guère alors que de vagues aspirations.

En choisissant la durée sur laquelle s'étend le plan de développement d'un pays, il est au fond désirable de reconnaître que plus longue est la période du plan, moins grande la précision qu'il est possible d'atteindre. De façon pratique, la durée du plan doit être assez réduite pour permettre des prévisions raisonnablement précises et cependant assez longue pour couvrir la période envisagée d'un nombre suffisant de projets connexes dont l'ensemble sera capable de donner une indication relativement raisonnable sur l'effet des investissements lorsqu'ils seront exécutés conformément aux objectifs du plan. Il n'y a pas de règle stricte et constante, mais l'expérience montre qu'une période de 4 ans ou quelquefois 5 ans répond dans la plupart des cas aux deux exigences. Les pays latino-américains en sont conscients comme le montre le fait que la Colombie qui avait un plan de 10 ans ait préféré le remplacer par un plan de 4 ans qui régit maintenant ses investissements. Le Vénézuéla a aussi un plan de 4 ans.

L'adoption d'un plan de 4 ans ne saurait naturellement faire obstacle à l'énonciation d'objectifs à 10 ans pour l'éducation et la santé publique comme l'a suggéré la Conférence de Punta del Este, et même pour autres secteurs. En fait, pour l'agriculture, il pourrait même être désirable d'esquisser des perspectives sur 15 ou 20 ans. Seule la combinaison de projets sectoriels serait limitée à des périodes de 4 ans. La conception d'un "plan courant" qui a récemment reçu l'approbation d'un nombre croissant de planificateurs pour être utilement employés pour ces plans de 4 ans. Dans un "plan courant", le plan est révisé à la fin de chaque année lorsque les estimations de l'année précédente sont parvenues. De cette façon le plan est à renouvelé à la fin de chaque année.

Pour aider à l'accomplissement d'un plan de 4 ans, il serait aussi désirable de préparer un plan opérationnel d'un an seulement pour la

20/suite - aux ministères compétents, et ne s'occuper de ces projets et de ces programmes sectoriels que dans la mesure où il est nécessaire de les harmoniser et d'ajuster les demandes de chaque secteur aux ressources.

première année, plan qui détaillerait exactement ce qui doit être fait pour convertir le plan de 4 ans en un véritable programme d'actions. Fréquemment, les plans de développement qui s'étendent sur un grand nombre d'années ne sont pas ajustés dans le temps pour délimiter ce qu'il faut faire chaque année, spécialement dans la première année. A la fin de chaque année un nouveau plan annuel doit être préparé comme plan opérationnel de l'année suivante.

Lors de ces réunions de Santiago en février 1962, le Séminaire Latino-Américain de la Planification a donné une attention toute spéciale aux problèmes de la planification à court terme. Ce fut "une opinion unanime des participants que les problèmes de la planification à court terme ne pouvaient être étudiés sans se référer aux problèmes plus généraux et fondamentaux des plans à long terme. En fait, il fut suggéré qu'à proprement parler, il fallait considérer les programmes à court terme plutôt comme des programmes transitoires ou temporaires ou comme les mesures à court terme qui devraient être prises à l'intérieur de la période du programme à long terme", 22/ et on ajoute plus loin: "les plans à court terme devraient considérer le moyen de réaliser, en effet, les premières démarches nécessaires d'exécution des plans à long terme".23/

Quand les plans à court terme sont examinés de cette façon, qui, je crois, est la façon correcte, on peut difficilement comprendre pourquoi des plans à deux ans seraient nécessaires. D'un côté, la petite augmentation de temps requise pour la préparation d'un plan de 4 ans, suivant les mêmes techniques qu'un plan de 2 ans, est incomparablement préférable. D'un autre côté, le besoin de diviser un plan de 2 ans en deux périodes annuelles opérationnelles rend cette durée de 2 ans tout-à-fait inadéquate pour la substituer à un plan opérationnel d'un an. C'est pourquoi il est probable que ceux qui préconisent les plans à 2 ans opposent simplement le plan à long terme préparé suivant les techniques mathématiques conventionnelles et le plan à court terme préparé d'une façon pragmatique. Comme on l'a suggéré dans ce papier, cependant il y a aussi une autre possibilité, qui consiste à préparer des plans à long terme de façon pragmatique et en peu de temps. Peut-être que l'argument le plus lapidaire a été donné par un des délégués boliviens au Séminaire Latino-Américain sur la Planification lorsqu'il a déclaré "ce dont nous avons besoin n'est pas tant de plans à court terme que de plans préparés dans une courte période".

VIII

Dans la mesure où un plan à deux ans ou plus généralement à court terme présente un essai pour accélérer la réalisation des projets manifestement urgents et justifiés, il y a, je pense, une façon plus pratique et plus expéditive de réaliser cet objectif. Le danger, dans

22/ Rapport provisoire des Résultats... op. cité p.4

23/ Ibid p.7.

la plupart des nations latino-américaines, n'est pas que les gouvernements soient moins conscients que les experts étrangers des projets réellement prioritaires, c'est plutôt que dans leurs recherches pour promouvoir leur développement, ils cherchent souvent à avancer les projets prioritaires ou non au delà de leurs possibilités réelles. Il en résulte que le progrès est ralenti tout au long; le progrès peut aussi être menacé par la compétition désorganisée entre les services publics, ou les établissements plus ou moins autonomes, et le gouvernement fédéral, ou le gouvernement local pour obtenir les allocations en devises étrangères, en monnaie locale et autres ressources rares mais essentielles pour mener à bien projets et programmes.

Beaucoup de gouvernements ne possèdent pas une information suffisante sur la dimension et la composition de leurs investissements courants et futurs. Comme les investissements effectués par les établissements autonomes sont fréquemment inclus dans des budgets plus ou moins séparés, les gouvernements ont généralement moins d'information sur les investissements de ces établissements et sur la mesure dans laquelle ils ont engagé le crédit du pays ou ses ressources en devises étrangères en empruntant à des fournisseurs étrangers qu'ils ont sur leurs propres programmes d'investissements. Souvent aussi on sait très peu de choses sur les investissements et les emprunts des états et des gouvernements locaux.

Cependant qu'un plan global commence à être préparé par l'administration centrale de la planification il serait désirable quand on cherche une information adéquate sur les investissements publics d'établir un inventaire de tous les investissements publics déjà prévus ou en cours d'exécution. Grâce à un questionnaire qui circulerait parmi toutes les entités officielles susceptibles d'investir, l'information sollicitée, serait réunie, combinée, analysée et permettrait de faire des progrès pour rationaliser les investissements publics dans une vue progressive et pour en ajuster la masse totale avec les ressources réellement disponibles. Pour cet objet, l'information demandée fournirait pour chaque projet le nom du service (gouvernement central, état, municipalités, établissements régionaux, publics ou semi-publics), une estimation du temps requis pour le mener à bien, le nom du service actuellement responsable de la conduite des travaux (travaux publics, entrepreneurs ou ingénieurs privés, nationaux ou étrangers, etc.), le coût probable en monnaie locale et devises étrangères au cours des années requises pour l'exécution de la méthode de financement du projet, etc.^{24/} Si un plan véritablement global existait déjà, l'inventaire des investissements pourrait être employé pour aider à harmoniser les investissements publics en cours avec le plan de développement. Mais, même si la préparation d'un plan de développement n'est pas envisagé, un tel inventaire pourrait fournir le moyen d'utiliser efficacement les ressources disponibles et pour les ajuster au total des investissements publics. Véritablement, un inventaire pourrait servir de base à la préparation du premier plan national de développement d'un pays. Le premier plan de 5 ans de l'Inde, par exemple, n'était guère plus

^{24/} Comme certains services paraissent incapables de fournir l'information désirable, il faudra évidemment procéder à des estimations obtenus indirectement pour combler les lacunes des données de base.

qu'une compilation de projets et de programmes déjà en cours d'exécution. Les résultats obtenus par la rationalisation des investissements grâce à un tel inventaire pourrait ainsi fournir les moyens d'assurer le financement immédiat des projets véritablement sérieux tandis qu'un plan plus complet serait en préparation.

Il est probable que lorsqu'un inventaire complet d'un pays aurait été revu, il montrerait que les investissements envisagés dépassent les moyens financiers et les ressources du pays. Afin de concilier les désirs et les réalités, des jugements devraient être portés sur l'importance pour le pays des divers projets envisagés, au moins des plus importants. Un certain nombre de critères doivent être utilisés. L'utilisation de ces critères pourrait être, quelquefois restreinte par l'affectation statutaire de certains fonds/des projets définis ou par le fait que certains travaux sont déjà ^{assez} avancés qu'il serait difficile, voire impossible, d'en arrêter l'avancement pour y substituer quelques autres projets; quelquefois avec l'achèvement d'un projet pourrait impliquer l'obligation de procéder à un autre investissement pour permettre un premier projet d'être réellement utilisable. 25/ En dépit de ces contraintes, l'application de critères techniques et économiques, tels que ceux relatifs à la capacité des entités responsables d'exécuter les projets prévus, la valeur des études d'engineering et autres, et la sûreté de leurs estimations, le caractère adéquat, des contributions financières envisagées par les entités juridiques responsable ou les bénéficiaires du projet, etc., devrait permettre ^{de} réduire substantiellement le coût de bon nombre de projets. Les caractères arbitraires des jugements portés sur la priorité de certains projets qui répondent favorablement à ces critères dans beaucoup de secteurs, en vue de porter le total du volume des investissements au niveau des ressources disponibles dépendraient finalement de la priorité assignée à chaque secteur. Si un plan véritablement global a été conduit assez loin, ses priorités pourraient servir de guide; autrement les secteurs prioritaires seraient à déterminer sur la base des information effectivement utilisables. L'examen et l'évaluation de l'inventaire doivent faire apparaître un modèle de développement en fonction du temps nécessaire à l'élimination des goulots d'étranglement et de l'emploi maximum des ressources disponibles. En ré-examinant cet inventaire la plus grande attention doit être donnée aux investissements de la première année. Cependant, ceci implique nécessairement quelques décisions relatives aux investissements des années ultérieures. En effet, les projets qui doivent voir le jour au cours de la première année peuvent impliquer la mise en valeur de certaines ressources au cours des années suivantes tandis que les projets qui doivent être mis en chantiers seulement la seconde ou la troisième année peuvent exiger certains investissements au cours de la première année pour que soit effectué le travail préparatoire. 26/ L'insuffisance de l'information

25/ Ainsi une route reliant une ferme à un marché peut être essentielle pour fournir le lait à une usine en cours d'installation ou déjà achevée, tandis que la construction d'entrepôts suit nécessairement la construction d'un nouveau port.

26/ Par exemple, l'étude d'engineering de la Panaméricain Highway au Panama, et en Colombie, doit prendre 2 ans et coûte 3 millions de US \$.

sur les ressources naturelles ou de diverses données statistiques peuvent exiger en particulier qu'un inventaire sectoriel des ressources et les études techniques débutent dès que possible.^{27/} Là où les études sectorielles ont été faites comme en Colombie, là où les études sur l'énergie et les transports ont été achevées, cela a beaucoup aidé à la préparation de projets sérieux et des programmes coordonnés d'investissements.

Là où un plan de développement d'une année ou d'une plus longue période existe, le programme de la première année qui résulte de l'inventaire devrait être naturellement intégré dans des plans de développement plus larges. Là, où cependant n'existe aucun plan de développement, l'examen de l'inventaire pendant les premières années, peut devenir, lorsqu'il est incorporé au budget annuel un programme des investissements publics du pays pour cette durée d'un an. Quoiqu'un programme de cette sorte soit plus restreint qu'un plan de développement global, il peut cependant rendre d'utiles services en rationalisant l'investissement public. Au Mexique, par exemple, la Commission des Investissements, lors des deux premières années de son existence, décida de préparer les programmes annuels d'investissements publics en 1955 et en 1956, en vue d'acquérir quelque expérience. D'autres pays ont aussi préféré des programmes d'investissements annuels lors des premières années de leur planification. Que le programme d'investissements publics ait été préparé ou non grâce à l'inventaire, il serait désirable d'incorporer ces éléments dans un budget officiel qui comprendrait les investissements du Gouvernement Central, des administrations autonomes, des états et des municipalités, qu'ils soient financées sur ressources locales ou grâce à des prêts étrangers. Une fois que ceci a été fait, il est essentiel que les fonds budgétaires ne soient utilisables que pour les projets et les programmes compris dans les programmes d'investissements publics et non pas au delà des montants prescrits. Si les dépenses de capital ou celles qu'on peut leur assimiler (l'éducation et la santé) sont incluses dans le budget général avec les dépenses courantes, il y a quelque vraisemblance que les effets des investissements en capital seront reflétés plus adéquatement dans les allocations budgétaires pour les dépenses courantes.^{28/}

IX

Quoique les principes contenus dans l'établissement d'un inventaire d'investissements publics, à savoir la rationalisation des investissements et leur ajustements aux ressources disponibles soient des concepts que presque chacun peut comprendre, les pays américains cependant disposent d'un personnel suffisant pour faire face à ces tâches sans assistance extérieure. Il serait possible naturellement d'importer des techniciens étrangers qui pourraient faire l'inventaire du pays, revoir les documents chiffrés et établir un bon programme d'investissements publics. Cette approche aurait l'avantage de la

^{27/} Il en est ainsi en particulier des études de pré-investissement en agriculture.

^{28/} Le nombre des hopitaux sans docteurs ni d'infirmières et d'écoliers sans maître, illustre le fait que les budgets ordinaires ne tiennent pas suffisamment compte des dépenses d'investissements.

rapidité, mais au point de vue de la procédure, une occasion tout-à-fait exceptionnelle aurait été perdue d'utiliser l'inventaire et son examen comme des moyens d'améliorer sérieusement et d'une façon durable les éléments planificateurs du pays.

Lorsqu'ils ont à faire face au choix suivant à savoir: soit obtenir des résultats rapides sans bénéfices durables, soit obtenir des résultats avec quelque retard, mais en augmentant de façon permanente les procédures de planification et les institutions correspondantes, les pays américains seraient sages de choisir la deuxième procédure. L'objectif n° I ne devrait pas être en effet d'obtenir des résultats rapides ou même "les meilleures décisions, mais une meilleure procédure pour prendre ultérieurement les décisions. La production d'un bon plan pour les une, cinq ou sept prochaines années, est rarement aussi importante que même de modestes gains dans la rationalisation de la procédure de planification qui permettrait de prendre des décisions faisant autorité pour les décades de l'avenir. Pour les buts de l'Assistance Technique, ceci implique que la formation du personnel est la plus importante fonction de tout groupe d'assistants techniques. Bien que les sessions spéciales et les cours qu'ils assurent soient très importants, ils doivent s'attacher plus encore à enseigner leurs partenaires locaux, grâce au travail quotidien, grâce à un programme de travail auquel ces partenaires puissent effectivement participer. Le plus souvent les conseillers techniques devront travailler avec le matériel brut qu'ils ont sous la main.^{29/}

Si ce conseil est appliqué à la préparation de l'inventaire, à son examen cela implique que la plupart du travail sera fait par des nationaux des pays considérés avec l'aide d'assistants technique étranger qui joueront le rôle de professeurs et de conseillers et non celui d'exécutants.

Le succès de ces assistants serait jugé comme le dit Lewis non sur leur érudition ou même sur la nature de leurs recommandations, mais par la qualité de ce qu'ils ont laissé derrière eux. Si, en outre, en sachant choisir leurs associés locaux, les assistants étrangers sont attentifs à prendre des individus qui ont la confiance des pouvoirs publics et sont nommés par les ministres ou les directeurs des établissements publics les plus au courant des problèmes d'investissements et si un effort consciencieux est fait pendant toute la durée de l'opération pour préparer les personnes qui doivent constituer le noyau permanent des services de la planification dans les ministères et les établissements, les résultats passagers obtenus, grâce à l'inventaire et à son examen pourraient être étendus et produire des effets particulièrement durables.

Quelque commentaire au sujet de ce qui est requis de la part des collaborateurs locaux doivent être maintenant passés en revue. Une

^{29/} Lewis John "Notes sur la préparation d'un Plan de Développement"
"Technical Digest Service, Janvier 1962- p.12

planification sérieuse et la préparation de programmes sectoriels nécessitent, à la fois, des connaissances techniques et économiques. Les ingénieurs (comme tout autre technicien) qui ne sont pas économistes ou des économistes qui n'ont pas de formation technique sont également inutilisables pour faire une bonne programmation. Cependant, quoique les économistes fassent généralement de meilleurs planificateurs que les techniciens, l'expérience montre que les ingénieurs, les agronomes ou autres techniciens qui ont acquis quelque compétence en matière économique, sont plus utilisables que les économistes pour faire des programmes et des plans sectoriels. Le Dr. Jorge Ahumada qui a une expérience considérable de la planification de l'Amérique Latine et des sessions d'entraînement de ECLA souligne que le travail actuel de la planification en Amérique Latine a démontré qu'il est très difficile de devenir un bon spécialiste de la programmation sectorielle sans un minimum de connaissances techniques. Il est plus aisé de donner à des gens qui possèdent déjà une formation technique quelques connaissances économiques pour devenir de bons planificateurs sectoriels, qu'il ne l'est de donner à des économistes le minimum d'éducation technique nécessaire.^{30/}

Enfin il y a la question de savoir dans chaque pays quelle est l'administration la plus qualifiée pour établir un inventaire et l'examiner. En substance l'inventaire des investissements et son examen est plutôt matière d'exécution que de planification. Quoique l'organisation centrale de la planification ait un intérêt légitime à surveiller si les ministères et les établissements publics préparent leur programme d'investissements qui permettront la réalisation des objectifs du plan, la première responsabilité pour la préparation et l'exécution de ces programmes d'investissements appartient aux ministères et aux établissements publics intéressés. C'est pourquoi, dans une situation idéale, chaque ministère et chaque établissement devra faire établir l'inventaire sectoriel et procédera à son examen aussi loin qu'il est concerné. Sur la base d'un plan de développement global, préparé par une administration centrale de la planification qui alloue les ressources financières et autres ressources à chaque secteur et à chaque portion de secteur, chaque ministère ou chaque établissement public devrait émonder et préparer son propre programme conformément aux exigences du plan de développement tel qu'il a été établi par l'administration centrale. Cependant, vu que peu de ministères peuvent opérer de la sorte à cause de l'insuffisance de leur personnel, beaucoup de moyens doivent être trouvés pour les assister.

Encore qu'il soit possible, au moins dans quelques pays, pour l'administration centrale de planification, de superviser l'établissement de l'inventaire et son examen et d'aider les centres de planification de chaque ministère et établissements publics à l'établir, il ne serait pas raisonnable, à mon sens, d'assigner de telles tâches à l'administration centrale. Les organisations centrales de planification d'Amérique Latine feront tout ce qu'elles peuvent pour mettre en face leurs équipes et pour formuler des plans de développement globaux

^{30/} Ahumada, Jorge, "Problems of Specialized Training Requirements as Viewed from Inside a Country in Process of Economic Development" dans "Aspects of Training in Economic Development, OECD, janvier 1962, p. 16

en une période relativement courte; leur demander, par conséquent, de prendre la première responsabilité de l'inventaire et de son examen, et l'établissement de la programmation des ministères et des services publics, non seulement réduirait leurs disponibilités pour préparer des plans globaux, mais augmenterait le risque résultant de l'attitude actuelle des ministères et des établissements publics, que des obstacles s'élèvent pour l'établissement de l'inventaire, son examen, et retardent l'établissement de services spécialisés de programmation dans les ministères et établissements publics.

Afin de minimiser ces dangers et de tenir en même temps compte des intérêts légitimes à la fois de l'administration centrale de la planification et des ministères intéressés, il serait utile d'établir à cet effet un centre d'entraînement dans chaque pays, qui serait un service autonome dans le but de préparer des techniciens dans chaque ministère et chaque établissement public, grâce à des cours effectués sous forme de stage, de mettre au point de projets sérieux et des programmes sectoriels, d'établir des systèmes de contrôle des progrès sectoriels qui seraient inclus dans le système d'organisation centrale de la planification, d'améliorer les procédures administratives et l'organisation des projets et de leur exécution, de préparer les ministères et leur personnel à mettre en route ainsi qu'à mener à bien les différents projets.

Les conseillers étrangers qui agiraient comme assistants techniques, superviserait la réalisation de cet inventaire et entraîneraient le personnel de chaque ministère devraient animer ce Centre d'entraînement. En même temps, les techniciens locaux des ministères devraient tout en travaillant sur l'inventaire ou en participant à d'autres programmes d'entraînement sous les auspices du Centre demeurer responsables de leur service particulier dans chaque ministère ou établissement public. Cet arrangement administratif est désirable parce que il est seul à pouvoir fournir l'assurance aux ministères qu'ils seront réellement, par l'intermédiaire de leurs propres subordonnés, au courant de l'inventaire et de son examen et que cela établira des communications très faciles entre les conseillers étrangers du centre d'entraînement et les principaux fonctionnaires de chaque pays.

Le staff du centre d'entraînement dans chaque pays devrait être peu nombreux et être constitué de conseillers techniques internationaux temporairement engagés dont la qualité serait suffisante pour gagner la confiance de l'organisation centrale et la planification aussi bien que celle des ministères et des établissements publics. Agissant comme une troisième force afin de se vouer à la réalisation des objectifs du plan général de développement à l'abri de toute suspicion ministérielle ou de toute cette hostilité avec laquelle la plupart des organisations centrales de la planification doivent généralement compter, ils se trouveraient dans une beaucoup plus forte position que le centre de planification pour amener graduellement des divers services administratifs responsables à la protéger d'une programmation accordée aux exigences du plan général de développement. Dans les conflits inévitables qui surviennent entre l'organisation centrale de la planification et les ministères ou établissements publics, un centre d'entraînement qui ne serait pas partie pourrait agir comme médiateur et utiliser ses bons offices pour apaiser ces conflits. Eventuellement le centre d'entraînement pourrait être déchargé de toute fonction particulière, mais il devrait d'abord être l'organisme susceptible d'assister le service central de la planification, lequel pourrait plus aisément d'une part s'occuper de tâches urgentes du plan global et d'autre part éliminer les suspicions des ministères suivant lesquelles le service central de la planification cherche à se mêler de leurs affaires.

X

En résumé le point central de ce papier est que le premier travail de la planification dans le cadre de l'Alliance pour le progrès n'est pas du tout comme quelques uns le croient, la préparation d'un plan long ou court de développement pour chaque nation d'Amérique Latine ou comme d'autres le soutiennent, la préparation de programmes et de projets sectoriels si importants qu'ils soient les uns et les autres. Bien plutôt, la tâche la plus immédiate et la plus urgente est la "planification de la planification" pour chaque pays afin d'assurer qu'il disposera

des moyens techniques et administratifs évalués avec réalisme et distribués entre la planification et l'exécution du plan suivant une proportion raisonnable. Il a été discuté souvent que quoique cette proportion puisse différer d'un pays à l'autre en Amérique Latine, pourtant dans tous les pays, le besoin des agents nécessaires à l'exécution dépassera grandement ceux nécessaires à la planification.

Il a été soutenu qu'au moins au commencement de la période où fonctionnera l'Alliance, des plans préparés pragmatiquement serait préférables à des plans mathématiques et que le "besoin n'est pas tant de disposer de plans à court terme que de plans préparés en peu de temps".

Comme premier pas vers une rationalisation des investissements courants publics, il a été proposé d'établir un inventaire des investissements dans chaque pays où l'information sur la composition des investissements publics est encore incomplète, que cet inventaire soit établi et que ses données soient mises à la disposition de tous de façon qu'il en résulte un bénéfice non seulement en améliorant le guide des investissements publics, mais aussi de plus durables résultats en entraînant des nationaux de chaque pays à prendre des décisions en matière d'investissements et en faisant les noyaux des futures unités de planification sectorielle dans chaque ministère et service public pour coopérer avec l'organisation centrale de la planification de leur gouvernement. Des techniques et une organisation structurée seraient définies pour réaliser ces objectifs. Cependant, il n'y a aucune assurance naturellement que le prototype présenté dans cette note puisse servir tous les pays américains même s'il se trouve valable dans un d'entre eux. Il devrait sans doute être adapté aux besoins particuliers de chaque pays. Bien plus, d'autres prototypes pourraient faire aussi bien voire mieux. Mais l'essentiel ici, est de montrer la nécessité de planifier la planification dans chaque pays.

"PLANEACION DE LA PLANIFICACION" EN LA ALIANZA PARA EL PROGRESO *

Por Albert Waterston **

I

"La Alianza para el Progreso tiene como propósito -- dice la Carta de Punta del Este -- aunar todas las energías de los pueblos y gobiernos de las Repúblicas Americanas, para realizar un gran esfuerzo cooperativo que acelere el desarrollo económico y social de los países participantes de la América Latina, a fin de que puedan alcanzar un grado máximo de bienestar con iguales oportunidades para todos, en sociedades democráticas que se adapten a sus propios deseos y necesidades." Para alcanzar niveles de ingreso que dentro de un lapso razonable permitan lograr un desarrollo autosuficiente, la Carta fija como meta para cada país latinoamericano una tasa de crecimiento per capita no inferior al 2,5 por ciento anual durante los próximos diez años. Teniendo en cuenta que la población ha venido aumentando en América Latina a una tasa promedio anual de un 2,5 por ciento, dicha meta significa que el ingreso nacional de cada país deberá experimentar un incremento anual promedio de un 5 por ciento aproximadamente. En la última década, sólo 3 ó 4 países latinoamericanos han podido mantener estos niveles de crecimiento.

Se ha calculado que para alcanzar tan elevadas tasas de crecimiento durante el próximo decenio se necesitarán inversiones de por lo menos 100.000 millones de dólares, de las cuales por lo menos 20.000 millones de dólares habrán de obtenerse fuera de la América Latina. Mediante los recursos nacionales, acrecentados con los rendimientos de reformas fiscales, mejores precios y condiciones de comercialización para las exportaciones (que se conseguirán en virtud de acuerdos de estabilización de mercancías, reducción de las barreras aduaneras en los países importadores y el establecimiento de un Mercado Común Latinoamericano), se espera que los países latinoamericanos estarán en condiciones de aportar "por lo menos el 80 por ciento de los recursos necesarios" para alcanzar los

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** Los juicios emitidos en el presente documento se fundan en las opiniones y convicciones personales de su autor, y es posible que no coincidan con las de la organización a que está vinculado. La traducción al castellano no tiene carácter oficial.

objetivos de la Alianza para el Progreso.¹ El Gobierno de los Estados Unidos ha indicado que espera aportar 11.000 millones de dólares de la asistencia externa requerida; se espera obtener otros 3.000 millones de dólares de inversionistas privados norteamericanos, 3.000 millones de dólares de fuentes públicas y privadas de otros países exportadores de capital y otros 3.000 millones de dólares de organismos financieros internacionales.²

El nivel de inversiones propuesto para la próxima década tiene que ascender a varias veces la cantidad invertida en América Latina desde el fin de la Segunda Guerra Mundial. Solamente la ayuda financiera externa sería más de tres veces la cantidad de toda la asistencia económica recibida por la América Latina, entre 1946 y 1961, de los Estados Unidos y organizaciones internacionales, inclusive el Banco Mundial y sus entidades afiliadas, el Banco Interamericano de Desarrollo (BID) y otras fuentes.³ De obtenerse ayuda externa en la escala proyectada, no es probable que el desarrollo latinoamericano sufra de escasez de fondos de capital en la década de 1960.

La Carta de Punta del Este recomienda que para utilizar eficazmente esas inversiones tan acrecentadas, los países latinoamericanos formulen amplios planes de desarrollo a largo plazo, planes a menor plazo y metas de diez años en materia de educación y salubridad. El período de los planes a largo plazo variará según los países y los deseos de cada país, probablemente con un margen de cuatro a diez años. En discusiones recientes, el período mencionado para los planes a menor plazo es de dos años.

La Carta invita también a los países latinoamericanos participantes a crear o reforzar sus organismos para la programación del desarrollo a largo plazo, a terminar los proyectos ya iniciados e iniciar aquellos para los que ya se han hecho estudios básicos y a ejecutar nuevos proyectos, así como a utilizar capacidades o recursos inactivos, especialmente mano de obra subempleada, a estudiar y evaluar los recursos naturales y a ejecutar programas a largo plazo con medidas encaminadas a (1) adiestrar

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1. Douglas Dillon, Secretario del Tesoro de los E.U.A., según el New York Times del 1° de diciembre de 1961.
 2. Douglas Dillon, Secretario del Tesoro de los E.U.A., citado según Comunicado de Prensa No. 587 del Departamento de Estado, de 22 de agosto de 1961, págs. 5-6.
 3. La asistencia económica prestada por estas fuentes a la América Latina ascendió en total a 6.300 millones de dólares. Senado de los E.U.A., 87° Congreso, 2a. sesión. Special Report on Latin America, noviembre y diciembre de 1961. Cuadros 3 y 4, págs. 47 y 48.

a maestros, técnicos y especialistas; (2) proveer adiestramiento acelerado a obreros y campesinos; (3) mejorar las estadísticas básicas; (4) establecer los medios necesarios de crédito y distribución, y (5) mejorar los servicios de administración.

II

Llevar a cabo toda esta serie de tareas tan enorme sin asistencia técnica exterior es algo que, evidentemente, está fuera del alcance de los recursos técnicos de la mayoría, por no decir de todos, los países latinoamericanos, ninguno de los cuales ha acumulado mucha experiencia en materia de formulación y ejecución de planes amplios de desarrollo. A fin de contribuir a proporcionar esta asistencia, la Carta indica que el Gobierno de los Estados Unidos, la Organización de los Estados Americanos (OEA), la CEPAL y el BID facilitarán o contratarán asistencia técnica para ayudar a los países latinoamericanos. La CEPAL ha establecido un Instituto Latinoamericano de Planificación del Desarrollo el que tiene por objeto adiestrar a técnicos de planificación y otros funcionarios latinoamericanos que intervengan en actividades de planificación, proporcionar asistencia técnica para la organización y perfeccionamiento de organismos de planificación y otros organismos afines dedicados a la planificación total o de sectores y prestar ayuda para la preparación de planes nacionales de desarrollo. De conformidad con su política general de ampliar sus actividades de asistencia técnica y de adiestramiento, el Banco Mundial estableció recientemente un Servicio de Asesoramiento para el Desarrollo, servicio que cuenta con un elenco de especialistas dispuestos a prestar asesoramiento económico y financiero a los Gobiernos de los países menos desarrollados miembros del Banco, especialmente en relación con la preparación y ejecución de programas de desarrollo. La Organización de Cooperación Económica y Desarrollo (OCED) está estudiando el establecimiento de un Centro de Desarrollo Económico destinado a preparar planificadores y proporcionar ayuda técnica. Por último, otros países que tienen relaciones comerciales con la América Latina, así como las Naciones Unidas y sus organismos especializados, seguirán, indudablemente, prestando asistencia técnica a la América Latina.

Por lo tanto, si bien hay perspectivas prometedoras de que habrá un número suficiente de organismos internacionales y nacionales encargados de prestar asistencia técnica a la América Latina, es probable que exista una seria escasez de economistas, estadísticos, ingenieros, agrónomos y otros técnicos y administradores con la preparación y experiencia necesarias en materia de planificación y ejecución a disposición de dichos organismos. La demanda de técnicos calificados, ya grande en la actualidad, sufrirá indudablemente una rápida expansión a medida que vayan tomando cuerpo los programas ampliados de asistencia extranjera que, tanto los Estados Unidos como las Naciones Unidas se han comprometido a llevar a cabo durante la "Década del Desarrollo" que ha sido proclamada.

En cambio, hay pocas perspectivas de que se produzca un rápido incremento del lado de la oferta. Cualquier programa de adiestramiento para formar más planificadores exigirá tiempo. Así, por ejemplo, el Instituto Latinoamericano de Planificación del Desarrollo espera que en los próximos dos o tres años aumentará hasta 80, con esperanzas de llegar a 100, por año, el número de participantes en sus cursos de adiestramiento. Aunque esas metas ambiciosas se logren, el número medio de técnicos preparados procedentes de esa importante fuente, a disposición de cada país latinoamericano, probablemente será pequeño, especialmente durante los primeros años del programa de la Alianza. Además, el Instituto estima que para alcanzar las metas de adiestramiento y de otra índole que se ha propuesto, deberá contratar unos 30 "expertos altamente calificados".⁴ Aunque la asistencia técnica ya disponible se utilizara de modo más eficaz - lo cual indudablemente reduciría la necesidad de más técnicos y, en algunos países, revelaría que éstos existen en número más que suficiente para las necesidades actuales - existe acuerdo unánime en cuanto a que, para la totalidad de la región, habrá escasez de técnicos y administradores nacionales y extranjeros con la experiencia necesaria para llevar a cabo las tareas de la Alianza para el Progreso, especialmente si se tiene en cuenta el problema del idioma.

III

Al formular un programa amplio de desarrollo nacional, los planificadores tratan de hacer cálculos realistas de los recursos financieros y de otra índole y, dentro de los límites de estos recursos, procuran establecer prioridades entre los distintos sectores y proyectos que compiten entre sí. Asimismo, todo país latinoamericano que participa en la Alianza para el Progreso y que confronta un número de tareas que excede la capacidad de los medios técnicos, y muy probablemente administrativos, de que dispone, obrará con buen criterio si, ante todo, procede a evaluar en forma realista sus posibilidades técnicas y administrativas; si calcula la importancia relativa, en la situación en que se encuentra, de cada tarea de planificación que debe llevar a cabo; y si asigna a cada tarea su escaso personal técnico y administrativo con miras a obtener los resultados deseados. Un gobierno que al principio dedique el tiempo y la reflexión necesarios para, de este modo, "planear la planificación", reducirá el riesgo de aventurarse más allá de sus posibilidades, ya sea imponiendo un trabajo excesivo a sus técnicos y administradores o desperdigando sus esfuerzos, de suerte que tratando de hacer demasiado acabe haciendo demasiado poco.

4. CEPAL, Noticias de la Cepal, año VII, No. 6, 26 de enero de 1962, págs. 4 y 7.

La mayoría de las personas familiarizadas con los enfoques parciales del desarrollo de economías subdesarrolladas, enfoque que envuelve proyectos aislados, sin una perspectiva común o un marco uniforme de política económica, no pueden menos que ver con satisfacción la actual tendencia hacia la programación ordenada de la inversión mediante planes amplios a largo plazo. Todavía hay quienes suponen que toda planificación equivale al socialismo o al control central de la economía en detrimento de la empresa privada, pero éstos son, como alguien ha dicho en relación con otro problema, "un grupo que va disminuyendo progresivamente". La afirmación de Arthur Lewis: "La verdad es que ahora todos somos planificadores"⁵ tal vez resultara prematura cuando se publicó por vez primera, en 1949, pero es bastante exacta en la actualidad.

También hay quienes consideran conveniente la planificación pero se pronuncian enérgicamente contra la creencia generalizada de que la planificación exige la preparación de planes globales. Albert Hirschman, por ejemplo, ha sostenido que "la elaboración de 'programas globales e integrados de desarrollo' no es indispensable y de hecho puede ser perjudicial... 'Buena planificación' significa simplemente haber estudiado y preparado cuidadosamente un proyecto dado, es decir, haber determinado si corresponde a una necesidad real, si se han hecho los debidos estudios de ingeniería y de mercado, si se ha asegurado su financiación total a fin de que no quede sin terminar durante años, y si se han explorado y desechado con razones fundadas otros modos de atender la misma necesidad."⁶ Además, Hirschman llama la atención sobre el hecho de que "la planificación económica total, integrada, podría coexistir -- y a menudo coexiste -- en buena armonía y disimula una improvisación permanente y total en la adopción y ejecución de proyectos de inversión."⁷

La opinión de Hirschman viene a recordar en forma muy saludable que la planificación amplia y a largo plazo sin proyectos sanamente concebidos para ponerla en práctica es, en el mejor de los casos, un ejercicio que a nada conduce y, en el peor, un factor de desorientación; sin embargo,

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5. W. A. Lewis, "The Principles of Economic Planning," Dennis Dobson Ltd. -- George Allen and Unwin, Ltd., Londres, 1954, pág. 14.
 6. Hirschman, Albert O., "Economics and Investment Planning: Reflections Based on Experience in Colombia," en Investment Criteria and Economic Growth, Asia Publishing House, Bombay, et al., 1961, págs. 38-9. El profesor Hirschman escribió estas palabras en 1954. Luego modificó su posición. Cf. ff. 5, pág. 78 de su obra The Strategy of Economic Development, Yale University Press, New Haven, 1958.
 7. Op. cit., pág. 39.

esta opinión no es compartida por la mayoría de los economistas que tienen experiencia en países en desarrollo. La posición predominante podría resumirse en los siguientes términos: no existe una brecha insalvable entre los que creen en la necesidad de preparar planes amplios a largo plazo y los que prefieren limitar la actividad de planificación exclusivamente a la evaluación de los distintos proyectos, puntos de vista que pueden calificarse de macroeconómico y microeconómico, o bien como de planificación al nivel general de los grandes totales estadísticos⁸ y planificación al nivel de los proyectos o al nivel de la ejecución práctica.⁹ Es un error creer que estos métodos sean contradictorios, puesto que ambos son necesarios.¹⁰

IV

Esa solución del problema puede ser teóricamente aceptable, pero proporciona una guía de poca utilidad práctica a los países latinoamericanos que tratan de "planear su planificación". La cuestión en pie es aún ¿qué

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8. La planificación en este sentido comprende (a) una estimación de los recursos financieros, mano de obra y otros recursos de carácter real, fundada en niveles previstos de ingreso nacional, consumo, ahorros e inversión (nacional y extranjera), exportaciones e importaciones, población total y población activa, etc.; (b) la distribución de estos recursos sobre la base de los rendimientos esperados de la inversión (coeficiente marginal de capital-producto) entre los diversos sectores de la economía, de una manera calculada para lograr los objetivos y metas del plan; (c) la formulación de instrumentos de política económica para lograr tales objetivos y metas; (d) el control y la evaluación de la ejecución del plan; y (e) la formulación, en tiempo oportuno durante el período de planificación, de recomendaciones a los gobiernos sobre medidas necesarias para alcanzar los objetivos del plan.
 9. El término "planificación al nivel de los proyectos" se emplea en este documento en referencia no sólo a la programación o preparación de proyectos y su ejecución sino también en referencia a la programación y ejecución de estudios de factibilidad, investigaciones de preinversión y de sectores, la preparación y ejecución de programas sectoriales y el control de la marcha de los proyectos y de los programas sectoriales.
 10. Colm, Gerhard y Geiger, Theodore, "Country Programming as a Guide to Development", en Development of the Emerging Countries, The Brookings Institution, Washington, D.C., 1962, pág. 68.

proporción de los recursos técnicos y administrativos de un país debe dedicarse a la macroplanificación, o planificación sobre la base de grandes totales estadísticos y qué proporción a la microplanificación o planificación al nivel de los proyectos o de la ejecución práctica? Es evidente que no existe una respuesta única a esta pregunta que sea valedera para todos los países latinoamericanos. Por ejemplo, México, que ha reunido considerable experiencia en la preparación y ejecución de proyectos y de programas sectoriales, ha establecido una base estadística para la planificación y adquirido un cuadro adiestrado y experto de técnicos y administradores, ha llegado a una fase de desarrollo en que podría asignar provechosamente recursos técnicos sustanciales a la macroplanificación sin comprometer, antes bien muy probablemente estimulando, su tasa de desarrollo. Hay otros países latinoamericanos que se hallan en una posición análoga en términos generales, pero la mayoría de ellos no poseen la experiencia, los datos básicos o el personal técnico y administrativo necesarios para lanzarse a una planificación global en gran escala o, lo que viene a ser lo mismo, para preparar los proyectos necesarios que constituyen la realización de un plan.

No obstante, aunque la mayoría de los gobiernos latinoamericanos cuentan con algún organismo central de planificación, y algunos de los países tienen planes generales de desarrollo o programas de inversiones públicas, casi ninguno tiene preparados suficientes proyectos de inversión de alta prioridad para absorber los fondos financieros que ya están a su disposición. En realidad, como resultó claro de las deliberaciones del Seminario Latinoamericano de Planificación organizado conjuntamente por la OEA, la CEPAL y el BID, "la escasez de proyectos específicos de inversión, estudiados en todos sus detalles, explica en parte que los principios de la Alianza para el Progreso no se hayan aplicado en forma general, o con la intensidad que habría sido deseable."¹¹ Más importante aún para el porvenir de la Alianza es el hecho de que pocos gobiernos poseen la organización administrativa necesaria y el personal técnico requerido para preparar nuevos proyectos a un ritmo suficientemente rápido que permita utilizar los cuantiosos fondos de inversión de que se espera disponer en la próxima década.

Estas circunstancias no deben causar extrañeza. Las deficiencias de la organización administrativa y del servicio civil técnico de los gobiernos de la mayoría de los países subdesarrollados generalmente se reconocen. Sin embargo, aun cuando en esos países es posible elaborar un

11. Informe preliminar del Seminario Latinoamericano de Planificación, celebrado en Santiago de Chile, del 19 al 24 de febrero de 1962, párrafo 17, publicado como Anexo III del Documento No. 1 para las Primeras Reuniones Anuales del Consejo Interamericano Económico y Social de la OEA.

plan amplio a largo plazo - y a menudo ocurre que unos pocos técnicos, especialmente con la ayuda de algunos expertos extranjeros competentes, preparan tales planes sin recurrir en medida extensa al aparato gubernamental - por lo general es imposible que un gobierno prepare y lleve a la práctica numerosos proyectos sin recurrir extensamente a su aparato administrativo. El gobierno puede obtener, y a menudo obtiene, técnicos o contratistas extranjeros que lo ayuden, pero dado el carácter, volumen y continuidad de la preparación y ejecución de proyectos, tiene que acudir, como es lógico, a los servicios gubernamentales.

Las reformas administrativas necesarias para mejorar la programación de proyectos en países insuficientemente desarrollados presentan muchas dificultades y en general necesitan mucho tiempo para llevarse a cabo; en consecuencia, la debida preparación, ejecución y operación de proyectos es intrínsecamente más difícil, y requiere más tiempo, que la preparación de un plan general de desarrollo. Esto no quiere decir que la preparación de un buen plan de desarrollo para un país sea fácil. Lo que significa es que si bien los aspectos técnicos de la planificación presentan a menudo difíciles problemas de economía, la programación y los aspectos orgánicos y de procedimiento de la preparación y ejecución de proyectos para realizar planes generales de desarrollo, plantean graves problemas no sólo en el campo de la economía, sino también en los de la psicología, sociología y la administración pública.

Tal vez sea esta la razón de que los planificadores nacionales -- que en su mayor parte se han preparado como economistas -- se hayan preocupado principalmente del perfeccionamiento de las técnicas para determinar el carácter y extensión de los recursos disponibles o necesarios para el desarrollo económico y de la asignación de dichos recursos a usos específicos durante la vigencia del plan. Les ha preocupado mucho menos la formulación y el establecimiento de políticas operacionales, procedimientos y sistemas administrativos que hayan de seguirse en la ejecución de los planes y programas de desarrollo. En consecuencia, las técnicas de una planificación general, por imperfectas que sean, se han desarrollado en grado mucho mayor que las de realización de planes. El Primer Ministro Nehru, quien como Presidente de la Comisión de Planificación de la India, revela una vasta comprensión de los problemas de planificación, formuló la siguiente observación: "Nosotros, los que integramos la Comisión de Planificación, al igual que otros interesados en estas cuestiones, hemos adquirido mayor experiencia y pericia en materia de planificación. Pero lo que importa realmente no es planificar sino llevar a la práctica el Plan. Esto es lo que es realmente importante para el país. Y me temo que no somos tan expertos en el campo de la realización como en el de la planificación..."¹²

12. Discurso del Primer Ministro de la India a la Séptima Asamblea General del Instituto Indio de Administración Pública, Indian Journal of Public Administration, Vol. VII, No. 4, octubre-diciembre 1961, pág. 435.

El hecho de que, para la India, luego de varios años de experiencia con la planificación y la realización de planes, "lo que importa realmente no es planificar sino realizar el plan...", representa una lección que debe aprenderse. La importancia de esa experiencia -- como la de la mayoría de los demás países -- revela claramente que si se quiere que los proyectos necesarios para llevar a la práctica los planes estén prontos y se ejecuten al ritmo previsto, es esencial asignar a la realización del plan una proporción de los técnicos existentes muy superior a la que se destine a la planificación.

Con todo, en la actualidad se corre el peligro de que el nuevo entusiasmo por la planificación general en América Latina haga perder de vista las necesidades, mayores aún, en materia de la realización de los planes. A menos que se tenga debidamente en cuenta estas mayores necesidades, se corre el riesgo de encontrarse en la nada envidiable posición de aquellos planificadores que, habiendo pasado aproximadamente un año y medio trabajando en la preparación del plan decenal de desarrollo de Bolivia para 1962-1971 (fundado en la esperanza de incrementos anuales del 8,3 por ciento en el producto nacional bruto en el curso de la década y del 9,15 por ciento en los primeros 5 años), consideraron necesario escribir lo siguiente: "La principal deficiencia que podrá anotarse en la formulación del presente Plan es el escaso número de proyectos específicos de inversión, estudiados en todos sus detalles, que ha podido incluirse /en el Plan/. Es tarea urgentísima que los anteproyectos, cuya justificación económica queda constatada a lo largo de las distintas secciones del Plan, sean completados ahora, incluidos los estudios pertinentes de ingeniería, de modo que pueda procederse a su ejecución con la celeridad que exigen las condiciones imperantes."¹³

V

"Planear la planificación" de un país con el objeto de lograr el debido equilibrio entre la planificación y la realización, requiere un estudio de la clase de planificación y de la clase de realización adecuadas a la etapa de desarrollo en que se encuentra el país. Por consiguiente, hay que elegir entre la planificación econométrica y la empírica o pragmática. Existe en la actualidad una gran variedad de técnicas matemáticas para la planificación econométrica. En circunstancias apropiadas y en manos de econométricos adiestrados, pueden emplearse modelos de crecimiento matemáticos, cuadros de insumo-producto, programaciones lineales y la

13. Resumen del Plan de Desarrollo Económico y Social 1962-1971, Vol. I, en Planeamiento, órgano oficial de la Junta Nacional de Planeamiento, La Paz, Bolivia, No. 3-4-5, septiembre de 1961, p. 33.

teoría de los juegos para hacer aportaciones útiles a la coherencia interna de planes generales de desarrollo. Mas teniendo en cuenta las lagunas existentes en los datos estadísticos fundamentales y en la preparación de la mayoría de los planificadores de América Latina, así como la escasez de técnicos planificadores internacionales calificados, es dudoso que la aplicación de las técnicas matemáticas avanzadas pueda producir resultados apreciables dentro de un plazo razonable en la mayor parte de América Latina.

Si bien es verdad que casi todos los gobiernos latinoamericanos tienen ya entidades centrales de planificación, la existencia de muchas de ellas es puramente teórica; con frecuencia estas organizaciones no están en contacto con los jefes de ministerios y organismos oficiales ni con los funcionarios ejecutivos de sus países, que hacen caso omiso de ellas; y siempre están dotadas de personal insuficiente y, por añadidura, mal retribuido y poco preparado. Aunque la planificación global va adquiriendo nuevo prestigio, por lo menos como medio para obtener ayuda financiera extranjera, "se la sigue mirando con profunda sospecha en algunos países latinoamericanos... Además de esa desconfianza, la planificación ha sido sistemáticamente combatida por los intereses creados, tanto políticos como administrativos; en consecuencia, la planificación en muchos casos ha sido confiada a entidades que funcionan al margen de los departamentos ejecutivos ordinarios. Esos organismos semiautónomos tienen pocas comunicaciones con las instituciones ejecutivas y administrativas ya afianzadas e influyen poco en ellas..."¹⁴ Aun en los casos en que no hay franca hostilidad o ésta se haya superado, es corriente que las autoridades carezcan de comprensión de la finalidad y función de la planificación global. Por ejemplo, el ex director del Departamento de Planificación colombiano se quejaba de que "durante los dos años que estuve al frente del Departamento de Planificación me sorprendía a cada paso el número de personas cultas que me formulaban la misma pregunta: '¿Pero qué es exactamente la planificación?'"¹⁵

VI

Ante la escasez de datos cuantitativos fundamentales y de técnicos calificados, y ante la necesidad de reasignar, reorganizar y aumentar paulatinamente y mejorar la calidad del personal de los organismos

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14. Resumen de un informe de la Misión Técnica organizada por la Asociación Interamericana de Planificación (Inter-American Planning Society) con el aporte financiero de la Fundación Ford y la cooperación de las Naciones Unidas, la Administración de Cooperación Internacional (ICA) y la OEA, febrero de 1961, pág. 14.
 15. Franco Holguin, Jorge. "Economic Policy and Planning", New Economy Review, Bogotá, Colombia, junio de 1961.

centrales de planificación, así como de instruir a las autoridades gubernamentales sobre el significado y finalidad de la planificación, hay mucho que decir en favor de que - en la mayoría de los países latinoamericanos, si no en todos - las actividades de planificación comiencen con técnicas pragmáticas de más fácil aplicación y comprensión que las fórmulas econométricas, más refinadas pero esotéricas, que pocas autoridades gubernamentales están en condiciones de comprender.¹⁶ Los objetivos de un plan preparado pragmáticamente deben ser limitados, claros y concordantes, y sus metas deben ser pocas y realizables. No es difícil determinar los sectores críticos para el desarrollo latinoamericano: para la mayoría de los países son el transporte, la energía eléctrica, la agricultura, la enseñanza y la salud pública. No se necesitan cálculos matemáticos complicados y que requieren mucho tiempo para obtener un cálculo aproximado y una inteligente distribución de los recursos financieros y reales disponibles entre ellos y los demás sectores. El método pragmático acepta el hecho de que en sectores a los que se atribuye menor importancia -- por lo menos durante cierto tiempo --, la planificación será menos detallada que en otros que se consideran como más importantes para alcanzar los objetivos propuestos en la actualidad. Aun en los sectores más importantes, la planificación pragmática requiere una planeación de los insumos y productos del número mínimo de factores estratégicos necesario para afectar otros factores lo suficientemente como para alcanzar las metas de la planificación.

Naturalmente, debe hacerse el máximo uso de la información cuantitativa disponible. Sin embargo, cuando esta información es insuficiente, como ocurre en la mayoría de los países, "es con frecuencia posible encontrar funcionarios, expertos y otros funcionarios que conozcan suficientemente bien el país, sus problemas y los diversos aspectos pertinentes como para poder contribuir al análisis de la situación con un buen grado de exactitud."¹⁷ Podría ser útil, pero no es indispensable, poseer cuadros de insumo-producto; lo más importante, como ha señalado Jan Tinbergen, es que se emplee el método insumo-producto.¹⁸ Mas para esto bastarán, en la mayoría de los países latinoamericanos, unas pocas conversaciones con técnicos competentes.

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16. Colm y Geiger, en su artículo "Country Programming as a Guide to Development", antes citado, dan una extensa reseña de las técnicas empleadas en la planificación pragmática.
 17. Informe preliminar del Seminario Latinoamericano de Planificación, op. cit., párrafo 25.
 18. "La Planeación del Desarrollo", Fondo de Cultura Económica, México, D.F., 1959, Capítulo II.

Si bien los instrumentos de política necesarios para llevar a la práctica el plan deben presentarse con mayor detalle aún del que suele encontrarse en los planes globales,¹⁹ no deberían basarse, como ocurre muy a menudo, en la utópica suposición de que en dos o tres años pueden lograrse mejoras fundamentales en la administración pública, la tributación y la situación agraria. Durante el período de la Alianza deben llevarse a cabo reformas radicales en estos sectores para que el programa tenga éxito, pero una buena planificación requiere el debido escepticismo con respecto a la rapidez posible de las reformas en los primeros años. Es indispensable una prudente evaluación de estas posibilidades para poder hacer cálculos realistas del costo de alcanzar las metas de la planificación en las condiciones administrativas, técnicas y políticas dominantes en la actualidad. La subestimación del costo de alcanzar metas, característica casi universal de los planes de desarrollo, se explica, más que por ningún otro factor, por el hecho de que no se ha sabido apreciar cabalmente el alto costo impuesto por una organización y administración ineficientes y el tiempo que se necesita para subsanar la falta de eficiencia.

Un plan pragmáticamente preparado ha de poder terminarse en menos tiempo que un plan matemáticamente integrado. Por ejemplo, mientras el plan decenal de Colombia necesitó dos años para quedar terminado y el de Chile tres años, debería ser posible preparar en no más de seis meses un plan pragmático para cualquier país latinoamericano. Es probable que un plan de esta índole presentaría muchas lagunas e imperfecciones; no obstante, dado que la planificación es un proceso continuo hasta el punto de que aun el mejor plan probablemente necesite revisión en el momento de publicarse, cabría ir introduciendo mejoras en el plan pragmático inmediatamente después de su terminación. Entretanto, el país contaría, en breve plazo, con un mejor marco de referencia para sus decisiones en materia de inversión.

Naturalmente, no es fácil encontrar suficientes planificadores que en seis meses preparen planes pragmáticos para cada país latinoamericano; pero por lo menos el número de planificadores requerido sería considerablemente inferior al que se necesitaría para preparar planes económicos. Además, cabe hacer mucho más para simplificar y racionalizar la planificación, reduciendo así aún más la necesidad de planificadores.²⁰ Por ejemplo: en la mayoría de los organismos centrales de planificación se invierte mucho tiempo en la preparación, evaluación e inspección de

19. La generalidad de los planificadores se ha hecho erróneamente a la idea de que la formulación de instrumentos para la realización de planes es propiamente un "problema de la ciencia política".

20. La escasez no puede eliminarse completamente, pero precisamente por esta razón es importante utilizar con la mayor eficacia los elementos disponibles.

proyectos y en el establecimiento de prelacones entre proyectos dentro de un sector. En general, eso se justifica diciendo que los ministerios y demás organismos gubernamentales no están equipados para hacer bien este trabajo. Con todo, si en los ministerios y organismos oficiales se destina a este trabajo la mayoría de los técnicos disponibles -- como se sugiere en este documento --, será posible que los planificadores dediquen la mayor parte de su tiempo a la planificación y dejen para otros la preparación de proyectos y de programas sectoriales.²¹

VII

Un plan decenal tiene ciertas ventajas psicológicas con respecto a planes de menor duración porque sus metas son a menudo impresionantemente más ambiciosas que las de los planes a corto plazo. Pero es posible exagerar la importancia de esta ventaja, puesto que cuanto más lejos se sitúe la meta tanto más fácil resulta para el gobierno posponer la necesidad de abordar las realidades desagradables que en la actualidad deben enfrentarse para que las metas se conviertan en realidades más adelante. Además, como las actividades de inversión para el segundo quinquenio del período del plan dependen evidentemente de la situación internacional y nacional, que es difícil de pronosticar, así como de lo que se haya logrado en el primer quinquenio del plan, las proyecciones de los planes decenales necesariamente resultan más vagas en la última mitad del período de planificación hasta que, en los últimos años, no suelen pasar de meras aspiraciones.

En consecuencia, al fijar un período para el plan de desarrollo de un país, conviene reconocer que cuanto más largo sea el plazo del plan tanto menor será el grado de precisión posible. Como asunto de carácter práctico, el período del plan debe ser lo suficientemente breve para que permita proyecciones y estimaciones razonablemente exactas y lo suficientemente largo para abarcar el período de gestación de un número de proyectos que baste para dar una indicación razonablemente adecuada de los efectos de las decisiones de inversión en la realización de los objetivos del plan. No hay una regla rígida y firme, pero la experiencia enseña que un período de cuatro años, o de cinco en algunos casos, cumple con estos requisitos. Así lo comprenden los países latinoamericanos,

21. En teoría, los planificadores deberían hacer todo lo posible para dejar que la evaluación de proyectos y la preparación de cada programa sectorial corrieran a cargo del ministerio u organismo competente, y ellos ocuparse solamente de la programación de proyectos y sectores en la medida que fuera necesaria para conciliar y racionalizar las demandas de sectores en competencia con los escasos recursos.

como lo revela el hecho de que Colombia aun teniendo un plan decenal, prefirió reemplazarlo por un plan cuadrienal que le sirve de base para sus decisiones en materia de inversión. Venezuela está preparando también un plan cuadrienal.

Naturalmente, la adopción de un período cuadrienal no impide que se fijen metas de diez años para la enseñanza y la salud pública, como sugiere la Carta de Punta del Este, así como también para otros sectores. De hecho, para la agricultura hasta podría ser conveniente hacer proyecciones de "perspectiva" para 15 o aun 20 años. Sólo se limitaría a períodos cuadrienes la combinación de las diversas proyecciones sectoriales. Podría resultar útil el empleo en planes cuadrienes del tipo de "plan escalonado" que últimamente ha venido gozando en grado cada vez mayor del favor de los planificadores. En un "plan escalonado", el plan se revisa al final de cada año al hacer nuevos cálculos para otro año. Por consiguiente, la vigencia del plan se renueva, en realidad, al final de cada año.

Para contribuir a la realización de un plan cuadrienal de desarrollo sería conveniente, además, preparar un plan operacional de un año para el primer año, en el cual se incluirían detalles exactos de lo que debería hacerse para convertir el plan cuadrienal en un "programa de acción". Es frecuente que en los planes de desarrollo que han de llevarse a cabo durante varios años no se establezcan "etapas" que indiquen lo que deba hacerse cada año, sobre todo precisamente lo que haya que hacer durante el primer año. Al final de cada año debería formularse un nuevo plan anual como plan operacional para el año siguiente.

En sus reuniones en Santiago, en febrero de 1962, el Seminario Latinoamericano de Planificación prestó especial atención a la planificación a corto plazo. Según "la opinión unánime de los participantes, no se pueden abordar los problemas de la acción a corto plazo desvinculados de los más generales y básicos de la planificación a largo plazo. Es más, se sugirió que en rigor no debiera hablarse de planes de corto plazo sino de planes transitorios, preliminares o temporales, y se estimó que así era, puesto que se trata de aspectos de corto plazo dentro de planes de más largo alcance, o bien de medidas de acción inmediata dentro de estos mismos planes."²² Y además: "el plan de corto plazo constituiría el instrumento para llevar a la práctica lo que en definitiva es el comienzo de ejecución de planes de más largo alcance."²³

22. Informe del Seminario Latinoamericano de Planificación, op. cit., párrafo 12.

23. Ibid., párr. 21.

Concibiendo de este modo los planes a corto plazo, - lo que a mi juicio es correcto - resulta difícil comprender la razón de que se necesiten planes de dos años. Por una parte, el pequeño aumento en el tiempo necesario para preparar un plan cuadrienal, en vez de un plan bienal, con las mismas técnicas, hace que el plan cuadrienal sea indiscutiblemente preferible; por otra, la necesidad de establecer etapas para un plan bienal, o sea de dividirlo en dos planes anuales para que el plan bienal resulte operacional, lo inhabilita como sustituto de un plan operacional anual. Por consiguiente, podría ser que quienes creen que conviene formular planes bianuales, hayan considerado que las únicas alternativas posibles sean planes a largo plazo preparados con las técnicas matemáticas tradicionales y planes a corto plazo preparados pragmáticamente. Sin embargo, como se sugiere en este estudio, hay también otra alternativa: preparar planes pragmáticos de largo alcance en un período breve. Tal vez el argumento expuesto más sucintamente en favor de esta alternativa sea el formulado por uno de los delegados bolivianos en el Seminario Latinoamericano de Planificación: "No hay que hacer planes a corto plazo sino que en corto plazo hay que hacer planes."

VIII

En la medida en que un plan bienal u otro a corto plazo constituye un intento de iniciar y acelerar proyectos notoriamente urgentes y justificables, existe, a mi juicio, un modo más práctico y expeditivo de lograr este objetivo. El peligro en la mayoría de los países latinoamericanos no es que los gobiernos comprendan menos claramente que los expertos extranjeros cuáles son los proyectos de alta prelación, sino más bien de que, tratando de fomentar el desarrollo, dichos gobiernos intenten promover más proyectos de elevada prelación, y asimismo muchos de menor prelación, de lo que permiten los recursos disponibles. Eso tiene como consecuencia que se adelante muy poco en todos los terrenos. Otro factor que se opone al adelanto es la competencia desordenada que se observa en algunos países entre los varios organismos públicos o semipúblicos y los gobiernos municipales, estatales y central por obtener divisas, moneda local y demás recursos indispensables para la ejecución de proyectos y programas de inversión.

Muchos gobiernos carecen de una información completa sobre la magnitud y composición de sus inversiones públicas presentes y futuras. El hecho de que con frecuencia las inversiones de los organismos oficiales se lleven a cabo más o menos fuera de los presupuestos gubernamentales, suele dar lugar a que los gobiernos posean aun menos información sobre estas inversiones -- o sobre la medida en que esos organismos han comprometido el crédito del país o sus ingresos en divisas concertando préstamos en el extranjero -- que sobre sus propias actividades de inversión. Además, muchas veces se sabe muy poco acerca de las inversiones y

compromisos de crédito de los gobiernos estatales o provinciales y municipales. Por lo tanto sería conveniente que, cuando no exista suficiente información sobre la inversión pública, al iniciarse la planificación global en el organismo central de planificación, y aún antes, se realice un "inventario" de todas las inversiones públicas ya programadas o en vías de ejecución.

Haciendo circular un formulario entre todas las entidades gubernamentales que realizan inversiones se solicitaría información que, una vez recopilada, combinada y analizada, permitiría adoptar medidas para racionalizar las inversiones públicas en marcha y armonizarlas con los recursos disponibles. A estos efectos habría que solicitar información de cada proyecto, nombre de quien lo patrocina (por ej., gobierno central, estado o municipio, organismo regional o de otra índole, público o semi-público, etc.), cálculo del tiempo necesario para terminar el proyecto, quién se encargará de la ejecución material de las obras (por ej., entidades públicas o contratistas privados o ingenieros, nacionales o extranjeros, etc.), costo estimativo en moneda local y en divisas dividido en cantidades anuales requeridas, cómo se financiará el proyecto, etc.²⁴

En caso de existir ya un plan amplio, el inventario de inversiones podría utilizarse para conciliar las actuales inversiones públicas con el plan nacional de desarrollo, y aun en el caso de que no estuviera prevista la preparación de un plan de desarrollo, un inventario podría proporcionar los medios para emplear de modo más eficiente y cabal los recursos disponibles y armonizar la totalidad de los proyectos, tanto en marcha como propuestos con los recursos. En realidad, un inventario podría ser la base para la preparación del primer plan de desarrollo nacional de un país; por ejemplo, el primer plan quinquenal de la India era poco más que una compilación de proyectos y programas ya en marcha. De esta suerte, la racionalización de las inversiones por medio de la elaboración de un inventario, podría facilitar la financiación inmediata de proyectos y programas sólidos mientras se prepara un plan de desarrollo más amplio.

Puede preverse con cierta probabilidad que revisando el inventario terminado, se pondría de manifiesto que la magnitud de la inversión proyectada es mayor que la que podría lograrse con los recursos disponibles, tanto financieros como de otra índole. Por consiguiente a fin de hacer coincidir mejor las aspiraciones con la realidad, habría que formar un juicio sobre la importancia que cada proyecto -- por lo menos los de

24. Es probable que algunas entidades de inversión no puedan facilitar toda la información solicitada; para completar los datos se necesitará probablemente de estimaciones basadas en informaciones indirectas.

mayor envergadura -- tiene para el país. Para formular este juicio cabría atenerse a diversos criterios. Debe tenerse en cuenta que no siempre podrán aplicarse estos criterios: por ejemplo, los fondos pueden estar reservados por ley a proyectos específicos, o bien las obras pueden estar tan adelantadas que resulte difícil o irrealizable detener las obras en marcha para proyectos de menor prelación, o también que la terminación de un proyecto no permita otra posibilidad que la de continuar otro proyecto para que el primero resulte eficaz.²⁵ A pesar de estas restricciones, el examen de la viabilidad económica y técnica, la capacidad administrativa de los organismos encargados de ejecutar los proyectos en la escala prevista, la idoneidad de los estudios de ingeniería y de otra índole y las estimaciones bien fundadas de costos, la suficiencia de las contribuciones financieras por parte del organismo responsable o los beneficiarios del proyecto, etc., permitirían hacer reducciones sustanciales en el número de proyectos. La arbitrariedad con que se hacen juicios sobre la prelación de proyectos que han resistido estas pruebas, o entre sectores, a fin de reducir el volumen total de inversiones al nivel de los recursos, dependerá en definitiva de la prelación asignada a cada sector. Si se ha adelantado lo suficiente en la planificación global, estas prelaaciones podrían servir de guía; de lo contrario habría que determinar empíricamente las prelaaciones fundándose en la información disponible.

Examinando y evaluando el inventario deberían encontrarse combinaciones de proyectos para las distintas etapas que permitieran la eliminación de obstáculos y la utilización máxima de los recursos disponibles. Al examinar el inventario conviene prestar la máxima atención a las inversiones del primer año. Sin embargo, esto requiere necesariamente que se hagan suposiciones sobre las inversiones de futuros años. Es posible que para proyectos que hayan de ejecutarse el primer año, sea necesario reservar recursos para años posteriores y también que proyectos cuya iniciación está prevista para el segundo o tercer año requieran recursos en el primer año para trabajos preliminares.²⁶ La insuficiencia de información sobre recursos naturales y de otros datos fundamentales hace resaltar

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25. Por ejemplo, una carretera desde la granja al mercado puede ser indispensable para proveer de la necesaria cantidad de leche a una fábrica de productos lácteos que esté ya terminada o a punto de terminarse, o bien un depósito para almacenar mercancías en tránsito puede ser necesario para un puerto recién construido.
 26. Por ejemplo, el estudio preliminar de ingeniería previsto para el trazado de una carretera que complete la Carretera Panamericana entre Panamá y Colombia; se calcula que durará unos 2 años y costará unos 3 millones de dólares. The Washington Evening Star, 22 de marzo de 1962.

la importancia que se inicien cuanto antes las encuestas sectoriales y de los recursos y los estudios de viabilidad.²⁷ En los países que han realizado encuestas sectoriales de esta índole, p. ej. Colombia (en materia de energía y transporte), se ha observado que eran muy útiles para preparar proyectos sólidos y programas de inversión sectorial coordinados.

Donde exista un plan de desarrollo de un año o de un plazo más largo, el programa del primer año que se desprenda del examen del inventario debería, naturalmente, integrarse en el plan o planes de desarrollo globales. En cambio, donde no exista un plan de desarrollo, el examen del inventario para el primer año puede convertirse, incluyéndolo en el presupuesto anual, en un programa de inversiones públicas de un año para el país. Si bien un programa de esta clase es más circunscrito que un amplio programa de desarrollo, puede prestar un servicio útil en la racionalización de la inversión pública. En México, por ejemplo, la Comisión de Inversión, en los dos primeros años de su existencia, decidió preparar programas anuales de inversión pública en 1955 y de nuevo en 1956, a fin de ir adquiriendo experiencia. Otros países han preferido también los programas anuales de inversión para los primeros años de su planificación.

Independientemente de si el programa de inversión pública preparado sobre la base del inventario forma parte de un plan de desarrollo, sería conveniente incorporar sus elementos en un presupuesto oficial consolidado que incluyera inversiones del gobierno central, empresas públicas, estados y municipalidades, tanto si se financian con fondos nacionales como con fondos extranjeros. Para procedimientos de planificación sistemática, una vez adoptados, es indispensable que sólo se asignen fondos presupuestarios a proyectos y programas incluidos en el programa de inversiones públicas y en cantidades que no excedan de las presupuestadas. Si los gastos de capital y "equivalente a capital" (p. ej., enseñanza y salubridad) se incluyen en un presupuesto general junto con las partidas habituales, hay mayor probabilidad de que los efectos de las inversiones de capital se reflejen debidamente en las asignaciones presupuestarias para gastos ordinarios.²⁸

27. En particular, donde más se necesitan estudios de preinversión es en la agricultura.

28. Numerosos hospitales sin médicos o enfermeras y escuelas sin maestros, constituyen una prueba del hecho que, en los presupuestos actuales, no siempre se tienen debidamente en cuenta las inversiones de capital.

IX

Aunque entre los principios inherentes a la formación de un inventario de inversiones públicas, la racionalización de las inversiones y la armonización de las inversiones públicas con los recursos disponibles, son conceptos que cualquiera puede comprender, pocos países latinoamericanos están debidamente provistos de personal preparado para ejecutar estas tareas sin ayuda exterior. Naturalmente, cabría la posibilidad de importar técnicos extranjeros que hicieran el inventario para un país, revisaran los datos y presentaran un "buen" programa de inversiones públicas. Este procedimiento tendría la ventaja de la rapidez, pero con él se habría perdido la oportunidad excepcional de aprovechar el inventario y su examen como medio de introducir mejoras más duraderas en el procedimiento de programación del país.

Colocados ante el dilema de obtener resultados rápidos sin ventajas duraderas o aplazar los resultados y lograr mejoras más permanentes en los procedimientos de programación, los países latinoamericanos obrarían cuerdamente decidiéndose por la segunda alternativa. El primer objetivo no debería ser el de obtener resultados rápidos ni siquiera "las mejores decisiones, sino un procedimiento mejor para tomarlas... La elaboración de un buen 'plan' para el próximo año, o para los próximos cinco o siete años, raras veces es tan importante como lo es un modesto avance en la racionalidad del procedimiento de planificación, que sirva de precedente acreditado para las decisiones a tomar en las décadas venideras... /Para fines de asistencia técnica, esto significa/ que la capacitación es, en todos los casos, la función más importante de un grupo consultor... Aunque las clases y cursos especiales que éstos dicten sean importantes, una parte mayor aún de sus enseñanzas se impartirá en el trabajo cotidiano al lado de sus colegas nacionales... mediante un programa de trabajo en que puedan participar eficazmente los funcionarios del país asociados a estas tareas... /Además, / los consultores tienen que trabajar con la 'materia prima' existente."²⁹

Si se aplica ese sabio consejo a las tareas de formar y revisar el inventario, resultará que la mayor parte del trabajo será realizada por nacionales del país interesado, y los consultores extranjeros se limitarán a hacer de maestros y asesores en vez de ser "ejecutantes". El éxito de los consultores se juzgará -- como dice Lewis -- no por su sabiduría ni aun por las decisiones que recomienden, sino "por la calidad ... del establecimiento en marcha" que dejen al retirarse. Por otra

29. Lewis, John P., "Notes on the Nurture of Country Planning", Technical Digest Service, AID, Vol. II, No. 3, enero de 1962, pág. 12.

parte, si al seleccionar los "asociados nacionales" de los expertos extranjeros se procura que sean personas que gocen de la confianza de los ministros o jefes de organismos oficiales más interesados en inversiones públicas, y son éstos quienes los nombran, y se hace un esfuerzo deliberado, como parte de toda la operación, para que las personas adiestradas por los consultores pasen a formar los núcleos de las unidades permanentes de programación de ministerios y organismos, los resultados transitorios obtenidos con el inventario y su examen podrían ampliarse y producir ventajas aun más duraderas.

Conviene hacer algunas observaciones sobre los requisitos profesionales que hayan de exigirse a los "asociados nacionales". La buena programación de los proyectos y la preparación de programas sectoriales requieren conocimientos a la vez de carácter técnico y económico. Los ingenieros (u otros técnicos) que no tengan conocimientos de economía o los economistas desprovistos de información técnica son igualmente inapropiados para una buena programación. No obstante, si bien los economistas suelen ser mejores planificadores que los técnicos, la experiencia ha demostrado que los ingenieros, agrónomos u otros técnicos con cierta preparación en economía son más idóneos que los economistas para la programación de proyectos y sectores. El Dr. Jorge Ahumada, que ha adquirido considerable experiencia en la programación del desarrollo de la América Latina y en la dirección de los cursos de capacitación de la CEPAL, señala que "la verdadera labor de programación en América Latina ha demostrado que es muy difícil llegar a ser un buen especialista en programación sectorial sin un mínimo de conocimientos tecnológicos en el campo correspondiente... Es más fácil capacitar a personas que posean una buena base técnica con algunos conocimientos de economía, para adiestrarlos en programación sectorial, que conseguir economistas con la instrucción técnica mínima necesaria."³⁰

Por último, se presenta la cuestión acerca del organismo oficial mejor calificado en cada país para llevar a cabo el inventario y su examen. Lo esencial de un inventario de inversiones y su examen, es cuestión de realización más que de planificación.³¹ Aunque la organización central de planificación tiene legítimo interés en que los ministerios y organismos

30. Ahumada, Jorge, "Problems of Specialized Training Requirements as Viewed from Inside a Country in Process of Economic Development", en Aspects of Training in Economic Development, Organización de Cooperación y Desarrollo Económico, enero de 1962, pág. 16.

31. Véanse las notas 8 y 9, al pie de la página 6, que definen la planificación y la realización.

oficiales preparen y ejecuten programas de inversión que conduzcan a la realización de las metas del plan, la responsabilidad primordial de la preparación y ejecución de programas de inversiones corresponde a los ministerios y organismos que actúan directamente al respecto. En la situación ideal, por consiguiente, cada ministerio y organismo que realiza inversiones debe llevar a cabo el inventario y examinar el sector o parte de un sector que está bajo su jurisdicción. Sobre la base de un plan global de desarrollo preparado por un organismo central de planificación que asigne recursos financieros o de otra índole a cada sector o parte de un sector, cada ministerio u organismo limitará y dará forma a su propio programa de inversiones para armonizarlo con las necesidades del plan de desarrollo trazado por la organización central de planificación. No obstante, dado que son pocos los ministerios y organismos de actuación directa que estén en condiciones de llevar a cabo estas tareas sin ayuda, debe encontrarse algún modo de prestarles asistencia.

Aunque sería posible, por lo menos en algunos países, que el organismo central de planificación supervisara la elaboración de inventario y su examen, y colaborara en el establecimiento de unidades de programación en ministerios y otras entidades, creo que no sería prudente asignar estas tareas a aquel organismo. Las entidades centrales de planificación harán todo cuanto puedan para establecerse, proveerse de personal y formular programas globales de desarrollo dentro de períodos razonablemente breves. Sin embargo, si se les exige, además que asuman la función primordial del inventario y su examen y de establecer medios de programación de proyectos en ministerios y otros organismos, se reducirá su capacidad de preparar planes globales. Además se aumentará el riesgo de que -- dadas las actuales actitudes de los ministerios y otras entidades de actuación directa ante el órgano central de planificación -- se produzcan desacuerdos que entorpezcan la formación de inventario y su examen y demoren el establecimiento de servicios de programación en ministerios y otros organismos oficiales.

Con el objeto de reducir al mínimo estos peligros y teniendo en cuenta a la vez los legítimos intereses tanto de los organismos centrales de planificación como de los ministerios y otras entidades de actuación directa, valdría la pena que se estableciera, como servicio independiente, un Centro de Capacitación en cada país. Su finalidad sería la capacitación de un número determinado de técnicos de los ministerios y otros organismos públicos mediante cursos de adiestramiento durante el desarrollo de sus respectivas tareas, en la preparación de proyectos concretos y de programas sectoriales; en la organización de sistemas de control de ejecución al nivel de proyecto y de sector (los cuales estarían coordinados con el sistema de control del órgano central de planificación para el plan global); en el perfeccionamiento de los procedimientos y organización administrativos para la programación y ejecución de proyectos y en el adiestramiento de funcionarios de los ministerios y de otras dependencias para la debida operación y mantenimiento de los proyectos ya terminados.

Los consultores extranjeros nombrados con el carácter de asesores y supervisores de la elaboración del inventario y para preparar al mismo tiempo al personal asignado a estas tareas, dependerían del Centro de Capacitación. No obstante, los técnicos nacionales de los ministerios, aunque trabajaran en la elaboración del inventario o participaran en otros programas de adiestramiento bajo los auspicios del Centro de Capacitación, seguirían dependiendo de las autoridades competentes (de preferencia los jefes) de los ministerios u organismos donde estuvieran empleados. Esta solución administrativa es conveniente porque (1) proporcionaría a los ministros y jefes de organismos la seguridad de que, mediante sus subordinados, intervendrán en la preparación del inventario y de su examen, y (2) proporcionaría un buen medio de comunicación entre los consultores extranjeros del Centro de Capacitación y los altos funcionarios de los ministerios y otros organismos.

El personal del Centro de Capacitación de cada país sería poco numeroso; en gran parte estaría integrado por consultores internacionales a corto plazo cuya dedicación habría de ser tal que se granjearan la confianza del organismo central de planificación y asimismo de los ministerios y demás organismos oficiales interesados. En calidad de "tercera fuerza", dedicada a los objetivos de la planificación global del desarrollo pero libre de la sospecha u hostilidad ministerial con que actualmente se enfrentan la mayoría de las organizaciones centrales de planificación, estarían en una posición mucho más fuerte que éstas para lograr paulatinamente que los procedimientos de programación de los organismos ejecutivos estuvieran en armonía con los requisitos de una planificación global y sistemática. En los inevitables conflictos de opiniones entre la organización central de planificación y los ministerios y otros organismos, un Centro de Capacitación, ajeno a ambas partes en disputa, podría hacer de "mediador" e interponer sus buenos oficios para componer diferencias. Con el tiempo, el Centro de Capacitación habrá de cumplir su cometido y resultar innecesario, pero al principio podría constituir el vehículo que aliviara al organismo central de planificación de actividades de programación al nivel ministerial que, por una parte, pueden entorpecer la urgente tarea de planificación global propia de dicho servicio y, por otra, provocar en los ministerios la sospecha de que ese organismo trata de inmiscuirse en sus operaciones.

X

Resumiendo: La tesis central de este estudio es que la primera tarea de planificación a los fines de la Alianza para el Progreso no consiste, contrariamente a lo que algunos creen, en preparar planos de desarrollo globales a corto y largo plazo para cada país latinoamericano ni como pretenden otros, en preparar proyectos y programas sectoriales, aunque ambos sean importantes. Por el contrario, la tarea más

inmediata y urgente es la de "planear la planificación" de cada país, a fin de asegurar que los medios técnicos y administrativos disponibles se evalúen con un criterio realista y se distribuyan en adecuada proporción entre la planificación y la ejecución. Se ha sostenido en este estudio que si bien es probable que la situación difiera entre los distintos países de la América Latina, en todos ellos las necesidades de ejecución serán mucho mayores que las de planificación. Se ha sugerido, además, que por lo menos en los primeros tiempos de la Alianza, los planes pragmáticamente preparados son preferibles a los de orientación matemática y que lo que más se necesita "no son planes a corto plazo sino planes preparados en corto plazo".

La primera medida propuesta para llegar a la racionalización de las inversiones públicas actuales consiste en formar un "inventario" de las inversiones públicas en los países que cuenten con una información incompleta sobre la extensión y composición de las inversiones públicas, y que el inventario se elabore y sus datos sean tratados en forma tal que no sólo contribuyan a mejorar la distribución de las inversiones públicas sino que produzca resultados más duraderos (1) capacitando a nacionales de cada país en el procedimiento de selección de inversiones, y (2) convirtiéndolos en núcleos de programación en cada uno de los ministerios y organismos públicos, para que complementen la labor de la organización central de planificación de su respectivo gobierno y cooperen con ella. Se esbozaron las técnicas y una estructura orgánica para realizar estas finalidades. Naturalmente, no puede asegurarse que el prototipo presentado en este documento sea aplicable en todos los países latinoamericanos ni que dé buen resultado en otros después de haberlo dado en uno. Es evidente que debería ser adaptado a las necesidades de cada país. Pero, además, hay muchos otros prototipos que podrían dar igual o mejor resultado. Esto hace resaltar la necesidad de "planear la planificación" en cada país.

"PLANNING THE PLANNING" UNDER THE ALLIANCE FOR PROGRESS *

By Albert Waterston **

I

"It is the purpose of the Alliance for Progress", says the Charter of Punta del Este, "to enlist the full energies of the peoples and governments of the American republics in a great cooperative effort to accelerate the economic and social development of the participating countries of Latin America, so that they may achieve maximum levels of well-being, with equal opportunities for all, in democratic societies adapted to their own needs and desires." In order to reach levels of income which, within a reasonable time, would be capable of assuring self-sustaining development, the Charter sets as a goal for each Latin American country, a per capita rate of growth during the next ten years which would not be less than 2.5 per cent annually. Since population has been increasing in Latin America at an average annual rate of about 2.5 per cent, this implies an annual average rate of increase in national incomes of about 5 per cent. Only 3 or 4 Latin American countries have been able to maintain these levels of growth in the last decade.

It has been estimated that these high rates of growth during the next decade will require no less than \$100 billion in capital funds, of which at least \$20 billion is to come from sources outside Latin America. From domestic resources increased by the results of tax reforms, better prices and market conditions for exports (to be brought about by commodity stabilization agreements, reductions in trade barriers in importing countries and the establishment of a Latin American Common Market), Latin American countries are expected to be able to contribute "fully 80 per cent of resources needed" to achieve the objectives of the

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** The views expressed in this paper are based on the author's personal opinions and convictions and may not be endorsed by the organization with which he is connected.

Alliance for Progress.¹ The United States Government has indicated that it expects to furnish \$11 billion of the external assistance required; an additional \$3 billion is expected to come from private American investors, \$3 billion from public and private sources in other capital-exporting countries and \$3 billion from international lending agencies.²

The proposed level of investment for the next decade must be several times the amount invested in Latin America since the end of World War II. External financial aid alone would be more than three times the amount of all economic assistance received by Latin America between 1946 and 1961 from the United States and international organizations, including the World Bank and its affiliates, the Inter-American Development Bank (IDB) and other sources.³ If external aid is forthcoming on the scale projected, it is unlikely that Latin American development in the 1960's will suffer from a shortage of capital funds.

To make effective use of the greatly increased investment, the Charter of Punta del Este recommends that Latin American countries formulate long-term comprehensive development plans, shorter-term plans and ten-year goals for education and public health. The period to be covered by the long-term plans will vary from country to country, depending on each country's wishes, but the range will probably extend from four to ten years. In recent discussions, the period mentioned for the shorter-term plans is two years.

The Charter also requests participating Latin American countries to create or strengthen machinery for long-term development programming, to complete projects already under way, to initiate projects for which basic studies have been made and to implement new ones, to utilize idle capacity or resources (particularly underemployed manpower), to survey and assess natural resources and to facilitate "the preparation and execution of long-term programs through measures designed (1) to train teachers, technicians, and specialists; (2) to

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1. U.S. Secretary of the Treasury, Douglas Dillon, as quoted in the New York Times, December 1, 1961.
 2. U.S. Secretary of the Treasury, Douglas Dillon, as quoted in Department of State Press Release No. 587, August 22, 1961, pp. 5-6.
 3. Foreign economic assistance to Latin America from these sources totalled \$6.3 billion. U.S. Senate, 87th Congress, 2nd Session. Special Report on Latin America, November and December 1961. Exhibits 3 and 4, pp. 47 and 48.

provide accelerated training to workers and farmers; (3) to improve basic statistics; (4) to establish needed credit and marketing facilities; and (5) to improve services and administration".

II

It is palpably beyond the technical resources of most, if not all Latin American countries, none of which has accumulated much experience in formulating and implementing comprehensive development plans, to carry out so formidable an array of tasks without outside technical assistance. In order to help provide this assistance, the Charter indicates that the United States Government, the Organization of American States (OAS), ECLA and the IDB will furnish, or contract for, technical assistance to help Latin American countries. A Latin American Development Planning Institute has been established by ECLA to train Latin American planning technicians and other officials associated with planning activities, in supplying technical assistance to organize and improve planning and other agencies concerned with comprehensive and sectoral planning and in providing help for the preparation of national development plans. As a part of its general policy of enlarging its technical assistance and training activities, the World Bank recently established a Development Advisory Service to provide a corps of expert talent to furnish economic and financial advice to governments of the Bank's less developed member countries, particularly in connection with the preparation and execution of development programs. The Organization for Economic Cooperation and Development (OECD) is considering the establishment of an Economic Development Center designed to train planners and to provide technical help. Finally, other countries which trade with Latin America, as well as the UN and its other specialized agencies, will undoubtedly continue to furnish technical assistance to Latin America.

While there thus promises to be a sufficient number of international and national agencies in the business of providing technical assistance to Latin America, there is likely to be a serious dearth in the quantity of trained and experienced economists, statisticians, engineers, agronomists and other technicians and administrators needed for planning and implementation from which these agencies can draw. The demand for qualified technicians, already great, will undoubtedly expand rapidly as augmented foreign assistance programs during the much heralded "Decade of Development", to which both the United States and the United Nations have committed themselves, gain momentum.

On the supply side, there is little prospect of a rapid increase. Any program to train more planners will take time. Thus, the Latin American Development Planning Institute expects in the next two or

three years to increase the number of participants trained in its courses to 80, and hopefully, 100 per year. Even if these ambitious goals are realized, the average number of trained technicians which will become available to each Latin American country from this important source is likely to be small, especially in the first years of the Alliance program. Moreover, to reach the training and other goals it has set for itself, the Institute estimates that it will itself have to recruit about 30 "highly qualified experts".⁴ Although more effective utilization of technical assistance already available would undoubtedly diminish the need for additional technicians and, in some countries, reveal that there are more than enough for the time being, there is general agreement that, for the region as a whole, there will be a shortage of experienced domestic and foreign technicians and administrators to carry out the tasks of the Alliance for Progress, especially if account is taken of the language problem.

III

In formulating a comprehensive national development program, planners endeavor to make realistic estimates of financial and other resources and, within the limits of these resources, to establish priorities for competing sectors and projects. Similarly, each Latin American country participating in the Alliance for Progress, faced with a number of tasks which exceeds the capacity of its available technical and, in all probability, administrative facilities, would be well advised, as a first order of business, to evaluate realistically its technical and administrative capacities, the relative importance in its own situation of each planning task it is called upon to accomplish and the extent to which its scarce technical and administrative staff is to be assigned to each to yield desired results. By giving time and thought initially to "planning the planning" in this way, a government reduces the risk that it will over-reach itself by putting too great a burden on its technicians and administrators or of dispersing its efforts to such an extent that it ends up doing too little through trying to do too much.

Most persons familiar with the piecemeal approach to the development of backward economies involving individual, unrelated projects without a common perspective or unifying framework of economic policy cannot but welcome the current trend toward orderly programming of investment through long-range, comprehensive plans. There are still those who equate all planning with socialism or with central control of the

4. ECLA, Noticias de la Cepal, Ano VII, No.6, 26 enero 1962, pp. 4 and 7.

economy to the detriment of private enterprise, but these are, as someone has said in another context, "a dwindling band." Arthur Lewis' statement: "The truth is that we are all planners now"⁵ may have been premature when it was first published in 1949, but it is accurate enough today.

There is also the view of some who accept the desirability of planning, but take strong issue with the commonly held belief that planning requires the preparation of comprehensive plans. Albert Hirschman, for example, has contended that "the elaboration of 'overall, integrated development programs' is not essential, and in fact might be harmful... 'Good planning' means simply to have studied and prepared thoroughly a given project, that is, to have ascertained whether it corresponds to a real need, whether proper engineering and market studies have been made, whether full financing has been assured so that it will not remain half-completed for years, and whether alternative ways of filling the same need have been explored and rejected for good reasons."⁶ Hirschman also calls attention to the fact that "total, integrated economic planning could and often does co-exist quite amicably with, and may serve to cover up, unregenerated total improvisation in the actual undertaking and carrying out of investment projects."⁷

But while Hirschman's viewpoint is a salutary reminder that comprehensive, long-term planning without soundly conceived projects to implement it is, at best, a pointless exercise and, at worst, a misleading one, it is not the position held by most economists with experience in developing countries. The prevailing position might be summarized as follows: there is no irreconcilable gap between those who believe in the necessity of preparing long-term comprehensive plans and those who would limit planning activity solely to the appraisal of individual projects (points of view which may be described as macro and micro approaches or, alternatively, as

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5. W.A. Lewis, "The Principles of Economic Planning," Dennis Dobson Ltd. - George Allen and Unwin, Ltd., London, 1954, p. 14.
 6. Hirschman, Albert O., "Economics and Investment Planning: Reflections Based on Experience in Colombia," in Investment Criteria and Economic Growth, Asia Publishing House, Bombay, et al., 1961, pp. 38-9. Prof. Hirschman wrote these words in 1954. He has since modified his position. Cf. ff. 5, p. 78 of his book, The Strategy of Economic Development, Yale University Press, New Haven, 1958.
 7. Op. cit., p. 39.

planning⁸ and implementation⁹). It is a mistake to think of these approaches as an "either-or" choice because both are necessary.¹⁰

IV

While this resolution of the issue may be theoretically acceptable, it furnishes little operational guidance to Latin American countries which seek to "plan their planning". The question still remains: what proportion of a country's available technical and administrative resources should be allocated to macro, or comprehensive planning, and what proportion to micro, or implementation? There is obviously no one answer to this question which is applicable to all Latin American countries. Mexico, for example, which has accumulated considerable experience in preparing and executing projects and sector programs, has built up a statistical basis for planning and acquired a trained and experienced cadre of technicians and administrators, has reached a stage of development in which it could profitably allocate substantial technical resources to comprehensive planning without interfering with, and in all likelihood stimulating, its rate of development. While there are other Latin American countries in a generally comparable position, most do not have the experience, basic data or technical and administrative staff to embark on full-scale, comprehensive planning or,

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8. Planning involves (a) an estimation of financial, manpower and other real resources based on expected levels of income, consumption, savings and investment (domestic and foreign), exports and imports, population and labor force, etc.; (b) the distribution of these resources on the basis of expected yields from investment (incremental capital-output ratios) among the various sectors of the economy in a manner calculated to achieve planning objectives and targets; (c) formulation of instruments of economic policy for realizing planning objectives and targets; (d) the reporting and evaluation of plan execution; and (e) at appropriate times during the planning period, the making of recommendations to government of courses of action necessary to achieve planning objectives.
 9. As used in this paper, "implementation" includes the programming or preparation, as well as the execution, of projects, the programming and carrying out of feasibility studies, pre-investment and sectoral surveys, the preparation and execution of sector programs and reporting on the progress of projects and sector programs.
 10. Colm, Gerhard and Geiger, Theodore, "Country Programming as a Guide to Development", in Development of the Emerging Countries, The Brookings Institution, Washington, D.C., 1962, p. 68.

for that matter, on the preparation of the projects needed to implement comprehensive planning.

Nevertheless, while most Latin American governments have some kind of central planning unit and quite a few have comprehensive development plans or public investment programs, practically none has enough well-prepared, high-priority investment projects ready to absorb the capital funds which are already available to them. Indeed, as the discussions of the Latin American Seminar on Planning organized jointly by the OAS, ECIA, and the IDB pointed out, "The shortage of specific investment projects worked out in full detail partly accounted for the fact that the principles of the Alliance for Progress had not yet been applied as generally, or as intensively, as might have been wished".¹¹ Of even greater significance for the future of the Alliance, is the fact that few governments possess the necessary administrative organization and technical staff required to prepare new projects at a sufficiently rapid rate to utilize the large investment funds which are expected to become available in the next decade.

This is hardly surprising. The shortcomings of administrative organization and technical civil service in the governments of most underdeveloped countries are generally recognized. However, while a comprehensive, long-term plan can be, and often is, completed in such countries by a few technicians, especially when assisted by some knowledgeable foreign experts, without much recourse to the governmental machinery, it is usually impossible for a government to prepare and carry out projects in number without heavy resort to its administrative apparatus. The government can, and often does, obtain foreign technicians and contractors to help, but because of the character, volume and continuing nature of project preparation and execution, great reliance must, as it should, be placed on the government services.

Since administrative reforms required to improve project programming in underdeveloped countries present many difficulties and generally take a long time to carry out, orderly preparation, execution and operation of projects is intrinsically more difficult and time-consuming to realize than is the preparation of a comprehensive development plan. This is not to imply that the preparation of a sound development plan for a country is easy. It does mean that while the technical aspects of planning often present knotty problems in economics,

11. Provisional Report on the Findings of the Latin American Seminar on Planning held in Santiago, Chile, from 19 to 24 February, 1962. CP/3, 26 February, 1962, p. 6.

the programming, organizational and procedural aspects of preparing and carrying out projects to implement overall development plans present serious problems not only in economics, but also in psychology, sociology and public administration.

Perhaps because of this, national planners -- who for the most part have been trained as economists -- have been mostly concerned with the perfection of techniques for determining the character and extent of resources available or necessary for economic development and with the allocation of such resources in the planning period to specific uses. They have been concerned to a much lesser degree with the design and establishment of operational policies, procedures and administrative systems by which development plans and programs are to be carried out. As a consequence, the techniques for comprehensive planning, imperfect though they are, have been developed to a much greater degree than the techniques for implementing plans. Prime Minister Nehru, who as Chairman of the Indian Planning Commission, has manifested a broad grasp of planning problems, has pointed this out: "We in the Planning Commission and others concerned have grown more experienced and more expert in planning. But the real question is not planning, but implementing the Plan. That is the real question before the country. I fear we are not quite so expert at implementation as at planning ...".¹²

There is a lesson to be learned in the fact that for India, after many years of experience with both planning and implementation, "the real question is not planning, but implementation ...". The weight of that experience -- as well as the experience in most other countries -- clearly indicates that if projects required to implement plans are to be ready and executed on schedule, a far greater proportion of the available technicians had better be assigned to implementation than to planning.

Yet, there is a danger today that the new enthusiasm for comprehensive planning in Latin America may obscure the even greater needs of implementation. Unless adequate account is taken of these greater needs, others may find themselves in the unenviable position of the planners, who, having completed about a year and a half's work preparing Bolivia's ten-year development plan for 1962-1971 (which hopefully envisages annual increases of 8.3 per cent in gross national product and 9.15 per cent in the first 5 years), found it necessary to write

12. Address by the Prime Minister of India to the Seventh Annual General Body Meeting of the Indian Institute of Public Administration, the Indian Journal of Public Administration, Vol. VII, No. 4, October-December 1961, p. 435.

that: "The principal deficiency that will be noted in the formulation of the present Plan is the small number of specific investment projects, studied in all their details, which have been included in the Plan. It is a most urgent task that the pre-investment studies whose economic justification is given at length in the different sections of the Plan are now completed, including the pertinent engineering studies, so that their execution may now proceed with the speed that the imperative conditions require."¹³

V

"Planning the planning" for a country with the purpose of achieving a proper balance between planning and implementation necessarily requires consideration of the kind of planning and the kind of implementation suitable to the country at its stage of development. Thus, a choice must be made between econometric and empirical or pragmatic planning. For econometric planning, a wide variety of mathematical techniques is now available. Under appropriate circumstances and in the hands of trained econometricians, mathematical growth models, input-output tables, linear programming and the theory of games can be employed to make useful contributions to the internal consistency of comprehensive development plans. But in view of the gaps in basic statistical data and in the training of most planners in Latin America, as well as the shortage of qualified international planning technicians, it is questionable whether the application of advanced mathematical techniques can be made to yield meaningful results in a reasonable period at the present time in most of Latin America.

Although nearly all Latin American governments now have central planning units, many are little more than paper organizations; frequently, they are out of touch with, and ignored by, the heads of ministries and official agencies and even the chief executives of their countries; always, they are undermanned and their staffs underpaid and undertrained. Although comprehensive planning is gaining new status, at least as a means of obtaining foreign financial assistance, "it is still looked upon with deep suspicion in a number of Latin American countries ... In addition to such mistrust, planning has been consistently fought by established political and administrative

13. Resume of the Economic and Social Plan 1962-1971, Volume 1, in Planeamiento, official publication of the National Planning Office, La Paz, Bolivia, No. 3-4-5, September 1961, p. 33.

interests; as a result it has in many cases been entrusted to units functioning outside of the regular executive establishments. Such semi-autonomous bodies enjoy little communication with, and influence over, the entrenched executive and administrative agencies ..."¹⁴ Even when suspicion or outright hostility is absent or subdued, official lack of understanding of the purpose and role of comprehensive planning is common. Thus, the former director of the Colombian Planning Department complained that, "I was constantly surprised during my two years as head of the Planning Department at the number of highly cultivated people who asked me the same question: 'Just what is planning?'"¹⁵

VI

In view of the shortage of basic quantitative data and qualified technicians, the need to relocate, reorganize and gradually increase and improve the quality of staffs of central planning units and to educate government officials to the meaning and purpose of planning, there is much to be said for beginning planning activities in most, if not all Latin American countries, with pragmatic techniques which are easier to apply and understand than more sophisticated but esoteric econometric formulations which few government officials can comprehend.¹⁶ The objectives of a pragmatically prepared plan should be limited, clear and consistent, and its targets should be few and realizeable. It is not difficult to identify the critical sectors for Latin American development: for most countries, they are transportation, electric power, agriculture, education, and public health. A first approximation and a sensible division of available financial and real resources among them and remaining sectors is possible without abstruse and time-consuming mathematical calculations. The pragmatic approach accepts the fact that planning will be less detailed in sectors which are adjudged to be less important, at least for a time, than in others which are considered more significant for the achievement of current objectives. Even in the most important sectors, pragmatic planning

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14. Summary of a report of the Technical Mission organized by the Inter-American Planning Society, with financial support of the Ford Foundation and cooperation of the UN, the ICA and the OAS, February 1961, p. 14.
 15. Franco Holguin, Jorge. "Economic Policy and Planning", New Economy Review, Bogota, Colombia, June 1961.
 16. In their paper "Country Programming as a Guide to Development", previously cited, Colm and Geiger give an extended account of the techniques used in pragmatic planning.

calls for planning inputs and outputs of the minimum number of strategic factors needed to affect other factors sufficiently to realize planning targets.

The maximum use should, of course, be made of available quantitative information. When quantitative information is insufficient, however, as it is in most countries, it is "often possible to find officials, experts and other personnel who are sufficiently well acquainted with their country, its problems and relevant aspects of such problems to be able to make an extremely accurate contribution to an analysis of the situation".¹⁷ It might be helpful, but it is not essential, to have input-output tables; what is important, as Jan Tinbergen has pointed out, is that the input-output approach be used.¹⁸ But for this, a few conversations with knowledgeable technicians should suffice in most Latin American countries.

While the instruments of policy needed to implement the plan should be given in even greater detail than they are usually given in comprehensive plans,¹⁹ they should not be based, as they frequently are, on the unrealistic assumption that substantial improvements in public administration, taxation and agrarian conditions can be achieved in two or three years. Radical changes in these fields must be made during the Alliance period if the program is to succeed, but good planning requires a proper skepticism about the speed with which reforms are possible in the first few years. A prudent evaluation of these possibilities is essential if realistic estimates are to be made of the cost of achieving planning targets under prevailing administrative, technical, and political conditions. The failure to appreciate fully the high cost inherent in inefficient organization and administration and the time it takes to eliminate inefficiencies accounts more than does any other factor for the under-estimation of the cost of achieving targets which is a well-nigh universal characteristic of development plans.

A pragmatically-prepared plan should take far less time to

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17. Provisional Report of the Findings of the Latin American Seminar on Planning, p. 8.
 18. "The Design of Development", The Johns Hopkins Press, Baltimore, 1958, Chapter II.
 19. Planners have generally and erroneously taken the view that the formulation of instruments for implementing plans is properly a "problem of political science".

complete than a mathematically-integrated plan. Thus, while Colombia's ten-year plan took two years to complete and Chile's, three years, it should be possible for a pragmatic plan to be prepared for any Latin American country in no more than six months. There would probably be many gaps and imperfections in this kind of plan. However, since planning is a continuous process, which implies that even the best plan is likely to need revision by the time it is published, refinement could begin immediately after the plan's completion. Meanwhile, the country would have, in a short time, an improved frame of reference for its investment decisions.

It will not be easy, of course, to find enough planners to complete pragmatic plans for each Latin American country in six months; but the number of planners required will at least be considerably less than the number needed to prepare conventional econometric plans. Much more can also be done to simplify and rationalize planning, thereby further reducing the need for planners.²⁰ In most central planning units, for example, much time is spent on the preparation, appraisal, and inspection of projects and on setting priorities for projects within a sector. This is generally justified on the ground that ministries and other government agencies are not equipped to do the work well. If, however, most of the available technicians are allocated to this work in the ministries and official agencies, as is advocated in this paper, it will become possible for the planners to give most of their time to planning and leave the preparation of projects and sector programs to others.²¹

VII

A ten-year plan has certain psychological advantages over plans of shorter duration because its targets are often impressively higher than those for shorter-term plans. This advantage can be over-rated, however, since the further away the target date the easier it is for governments to postpone their coming to grips with the unpleasant realities which must be met now to make the targets realities later.

20. The shortage cannot be eliminated completely, but this is precisely why it is important to make the most effective use of the available supply.

21. Ideally, planners should make every effort to leave project evaluation and the preparation of each sector program to the appropriate ministry or agency and concern themselves with project and sector programming only to the extent necessary to reconcile and rationalize competing sector demands with scarce resources.

Moreover, since investment activities for the second five years of the plan period obviously depend on international and domestic events which are difficult to foresee, as well as on accomplishments in the first five years of the plan, projections in ten-year plans necessarily become more vague in the latter half of the planning period until, in the last few years, they are usually little more than aspirations.

In setting a period for the development plan of a country, it is therefore desirable to recognize that the longer the term of the plan, the less the degree of precision possible. As a practical matter, the period of the plan should be short enough to permit reasonably accurate projections and estimates and long enough to cover the gestation period of a sufficient number of related projects which together give a reasonably adequate indication of the effects of investment decisions in carrying out planning objectives. There is no hard and fast rule, but experience shows that a period of about four, or in some cases, five, years meets these criteria. That Latin American countries are aware of this is shown in the fact that Colombia, even though it had a ten-year plan, preferred to replace it with a four-year plan which it is using as the basis for its investment decisions. Venezuela is also working on a four-year plan.

The adoption of a four-year period for planning would not, of course, prevent the setting of ten-year goals for education and public health as suggested by the Charter of Punta del Este, or for other sectors as well. In fact, for agriculture, it might even be desirable to make "perspective" projections for 15 or even 20 years. Only the combination of the various sectoral projections would be limited to four-year periods. The concept of a "rolling plan", which has recently received increasing approval from planners, might usefully be employed with four-year plans. In a "rolling plan", the plan is revised at the end of each year, when estimates for another year are added. In effect, therefore, the life of the plan is renewed at the end of each year.

To help implement a four-year development plan, it would also be desirable to prepare a one-year operational plan for the first year which would detail exactly what must be done to convert the four-year plan into a "program of action". Frequently, development plans extending over a number of years are not "phased" to show what needs to be done each year, especially precisely what must be done in the first year. At the end of each year, a new annual plan should be issued as an operational plan for the next.

In its meetings in Santiago in February 1962, the Latin American Seminar on Planning gave special consideration to short-term planning. It was the "unanimous opinion of the participants [that] the problems

of planning in the short term cannot be approached without reference to the more general and basic problems of long-range planning. In fact, it was suggested that, properly speaking, programmes should be referred to not as short-term programmes, but rather as transitional or temporary programmes, or as the short-term aspects of long-range programmes, or as short-term measures to be taken within the framework of long-range programmes."²² And further: "the short-term plan would be the medium for putting into practice what were, in effect, the first steps in the execution of longer-term plans."²³

When short-term plans are viewed in this way, in what I believe is the correct way, it is hard to comprehend why two-year plans are needed. On the one hand, the small increase in time required to prepare a four-year plan instead of a two-year plan by the same techniques makes the four-year plan indisputably preferable; on the other hand, the need to phase a two-year plan, that is, to divide it into two annual plans to make the two-year plan operational, makes it inadequate as a substitute for a one-year operational plan. It could be, therefore, that those who think the two-year plan desirable may have considered the only feasible alternatives to be long-term plans prepared by conventional mathematical techniques and short-term plans prepared pragmatically. As suggested in this paper, however, there is also the alternative of preparing pragmatic long-range plans in a short period of time. Perhaps the most succinctly stated argument in favor of this alternative was made by one of the Bolivian delegates to the Latin American Seminar on Planning: "What is needed", he said, "is not so much short-term plans as plans prepared in a short term."²⁴

VIII

To the extent that a two-year or other short-term plan represents an attempt to start and accelerate manifestly urgent and justifiable projects, there is, I think, a more practical and expeditious way of accomplishing this objective. The danger in most Latin American countries is not that governments are less aware than outside experts of high priority

22. Provisional Report of the Findings, etc., op. cit., p. 4.

23. Ibid., p. 7.

24. "No hay que hacer planes a corto plazo si no hay que en corto plazo hacer planes."

projects; it is rather that in seeking to promote development, they often seek to advance more high priority projects, as well as many of lower priority, than available resources allow. As a result, progress is slowed all along the line. Progress is also impeded by disorganized competition in some countries among more or less autonomous public or semi-public agencies and local, state and central governments for foreign exchange, local currency and other scarce resources essential for carrying out investment projects and programs.

Many governments do not possess comprehensive information of the magnitude and composition of their current and prospective public investments. Since investments by official agencies are frequently carried on more or less independently of governmental budgets, governments usually have even less information about these investments or about the extent to which these agencies have committed the country's credit or foreign exchange earnings by borrowing abroad than they do about their own investment activities. Often, also, little is known about the investments and loan commitments of state and local governments.

While comprehensive planning is beginning in the central planning unit, and even before, it would therefore be desirable, when adequate information on public investment is wanting, for an "inventory" to be taken of all public investments already programmed or in process of execution. Through a questionnaire circulated among all official investment entities, information would be solicited which when collected, combined and analyzed would permit steps to be taken to rationalize public investment in process and to bring it into balance with available resources. For these purposes, information would be requested which would furnish for each project, the name of its sponsor (e.g., the central government, state or municipality, regional or other public or semi-public agency, etc.), an estimate of the time needed to complete the project, who was to do the actual work (e.g., public forces or private contractors or engineers, whether domestic or foreign, etc.), the estimated cost in local currency and foreign exchange divided into annual amounts required, how the project was to be financed, etc.²⁵

If a comprehensive plan already existed, the investment inventory could be used to help reconcile current public investment activities with the national development plan; but even when the preparation of a development plan is not contemplated, an inventory could provide the means for obtaining more efficient and fuller use of available resources

25. Since some investing entities are likely to be unable to supply all the requested information, a certain amount of estimation based on indirect information would probably be required to fill gaps in the data.

and for equating total actual and projected public investment with resources. Indeed, an inventory could be the basis for the preparation of the first national development program of a country. India's First Five-Year Plan, for example, was little more than a compilation of projects and programs already in progress. The results obtained from rationalizing investments in an inventory might thus provide means for securing immediate financing for obviously sound projects and programs while a more comprehensive development plan was being prepared.

It is probably a safe guess that when the completed inventory for a typical country was reviewed, it would show that more investment was being contemplated than could be covered by available financial and other resources. In order to bring aspiration and reality closer, therefore, judgments would have to be made about the importance to the country of each project, or at least the larger ones. In making these judgments a variety of criteria might be used. The applicability of these criteria might sometimes be restricted by statutory earmarking of funds for specific projects or by work already so far advanced as to make it difficult or unfeasible to stop work on some projects of low priority; or completion of one project might leave no alternative but to proceed with another in order to make the first one effective.²⁶ In spite of these constraints, application of tests of economic and technical feasibility, administrative readiness of the sponsors to execute projects on the scale contemplated, the adequacy of engineering and other studies and the reliability of cost estimates, the adequacy of the financial contributions by the sponsoring entity or beneficiaries of the project, etc., should allow substantial reductions to be made in the number of projects. The arbitrariness with which judgments are made on the priority of projects which had survived these tests, as among sectors, in order to bring the total volume of investment down to the level of resources would depend, ultimately, on the priority assigned to each sector. If comprehensive planning has proceeded far enough, these priorities should be available as guides; otherwise, sector priorities would have to be determined empirically on the basis of the available information.

From the review and evaluation of the inventory there should emerge a pattern of investment phased over time which provides for elimination of bottlenecks and the maximum use of available resources. In reviewing the inventory, the greatest attention should be given to investments for the first year. However, this necessarily requires making assumptions about investments in future years. Projects which are to be carried

26. E.g., a farm-to-market road might be essential to provide access to an adequate supply of milk for a processing plant nearly or already completed or a warehouse to store goods in transit might be necessary to a newly-constructed port.

out in the first year may require the commitment of resources in later years and projects which are to be started in the second or third year may require resources to be allocated in the first year for preparatory work.²⁷ Inadequacy of information about natural resources and other basic data make it especially important that resource and sectoral surveys and feasibility studies be started as early as possible.²⁸ Where such sectoral surveys have been made, e.g., in Colombia, where power and transportation surveys have been completed, they have been found to be of great assistance in preparing sound projects and coordinated sectoral investment programs.

Where a one-year or longer-term development plan exists, the first-year program which has emerged from the review of the inventory should, of course, be integrated into the broader development plan or plans. Where no development plan exists, however, the review of the inventory for the first year can become, when embodied in the annual budget, a one-year public investment program for the country. While a program of this kind is more circumscribed than a comprehensive development plan, it may still perform useful service in rationalizing public investment. In Mexico, for example, the Investment Commission, in the first two years of its existence, chose to prepare annual public investment programs in 1955 and again in 1956 in order to gain experience. Other countries have also preferred annual investment programs for the first few years of their planning history.

Whether or not the public investment program prepared from the inventory is made a part of a development plan, it would be desirable to incorporate its elements into a consolidated official budget which included investments of the central government, public corporations, states and municipalities, whether financed domestically or from abroad. It is essential to systematic planning procedures, once this has been done, that budgetary funds be made available only for projects and programs included in the public investment program and for no more than the amounts prescribed. If capital and "capital-like" (e.g., education and health) expenditures are included in a general budget with current items, there is greater likelihood that the effects of capital investments will be adequately reflected in budgetary allocations for

27. For example, a preliminary engineering survey to lay out a route for completing the Pan American Highway in Panama and Colombia is expected to take 2 years and up to \$3 million to finish. The Washington Evening Star, March 22, 1962.

28. In particular, there is the greatest need for pre-investment studies in agriculture.

current expenditures.²⁹

IX

While the principles involved in the taking of a public investment inventory, the rationalization of investment and the balancing of public investment with available resources are concepts which almost anyone can understand, few Latin American countries are adequately equipped with trained personnel to carry out these tasks without outside assistance. It would be possible, of course, to import foreign technicians who could take the inventory for a country, review the data and produce a "good" public investment program. This approach would have the advantage of speed; but in the process, an exceptional opportunity would have been lost to use the inventory and its review as a means for making more lasting improvements in the country's programming process.

When faced with the choice of getting quick results without lasting benefits or delaying results and making more permanent improvements in its programming procedures and institutions, Latin American countries would be wise to choose the latter. The first objective should not be quick results or even "the best decisions but a better decision-making process ... The production of ... a good 'plan' -- for the next one, five or seven years seldom is as important as is even a modest gain in the rationality of the planning process, which will be authoring decisions for decades to come ... [For technical assistance purposes, this implies] that training is by all odds the most important function of any consultant group ... While the special classes and courses they conduct will be important, they must do even more of their teaching through day-to-day work with their indigenous counterparts ... through a work program in which their indigenous associates can effectively participate ... [Moreover,] the consultants must work with the 'raw material' at hand."³⁰

If this sensible counsel is applied to the taking of the inventory and its review, it would imply that most of the work would be done by nationals of the country involved, with the foreign consultants playing

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29. The number of hospitals without doctors and nurses and schools without teachers testify to the fact that due account of capital investments is not always taken in current budgets.
30. Lewis, John P., "Notes on the Nurture of Country Planning", Technical Digest Service, AID., Vol. II, No. 3, January 1962, p. 12.

the role of teachers and advisers, instead of "doers". The success of the consultants would be judged, as Lewis says, not by their erudition, or even by the decisions they recommend, but "by the quality of the going ... establishment" they leave behind. If, moreover, in selecting the "indigenous associates" of the foreign consultants, care were taken to obtain individuals who had the confidence of, and were nominated by, the ministers or heads of official agencies most concerned with public investment, and a conscious effort were made as a part of the entire operation, to set up the persons trained by the consultants as the nuclei of permanent programming units in the ministries and agencies, the transient results obtained from the inventory and its review could be extended to yield even more lasting benefits.

Some comment is in order about the professional prerequisites required of the "indigenous associates." Sound programming of projects and the preparation of sector programs call for both technical and economic knowledge. Engineers (or other technicians) without economics or economists without technical information are equally inadequate for good programming. However, while economists generally make better planners than technicians, experience shows that engineers, agronomists or other technicians who have acquired some competency in economics are more suitable than economists for project and sector programming. Dr. Jorge Ahumada, who has had considerable experience in programming for Latin American development and in conducting ECLA training courses, points out that "actual programming work in Latin America has demonstrated that it is very difficult to become a good specialist in sectorial programming without a minimum technological knowledge of the field ... It is easier to train people possessing a technical background with some knowledge of economics to be good sectorial programmers than it is to provide economists with the minimum technical education necessary."³¹

Finally, there is the question of the official agency in each government best qualified to conduct the inventory and its review. The substance of an investment inventory and its review is the subject matter of implementation rather than planning.³² Although the central

31. Ahumada, Jorge, "Problems of Specialized Training Requirements as Viewed from Inside a Country in Process of Economic Development" in Aspects of Training in Economic Development, OECD, January 1962, p. 16.

32. Cf. footnotes 8 & 9, p. 6, which define planning and implementation.

planning organization has a legitimate interest in seeing to it that ministries and official agencies prepare and carry out investment programs which will lead to the realization of the targets in the plan, the prime responsibility for the preparation and execution of investment programs belongs to the operating ministries and agencies. In the ideal situation, therefore, each ministry and investing agency should carry out the inventory and review for the sector or portion of a sector under its jurisdiction. On the basis of a comprehensive development plan prepared by a central planning body, which allocated financial and other resources to each sector or portion of a sector, each ministry or agency would prune and shape its own investment program to make it conform to the requirements of the development plan devised by the central planning organization. However, since few operating ministries and agencies have the capacity to carry out these tasks unaided, some means must be found to assist them.

While it would be possible, at least in some countries, for the central planning body to supervise the conduct of the inventory and its review and to help establish programming units in the ministries and agencies, it would be unwise, in my view, to assign these tasks to that body. Central planning organizations in Latin America will have all they can do to establish and staff themselves and to formulate comprehensive development plans within reasonably short periods; to require them, in addition, to take prime responsibility for the inventory and its review and the establishment of project programming facilities in ministries and agencies, not only would reduce their capacity to prepare comprehensive plans, but would also increase the risk, given present attitudes of operating ministries and agencies toward central planning bodies, that disagreements would arise which would impede the taking of the inventory and its review and postpone the establishment of programming units in ministries and official agencies.

In order to minimize these dangers while taking account of the legitimate interests of both central planning bodies and operating ministries (and agencies), it may be worth while establishing a Training Center in each country as an independent body, for the purpose of training technicians in the ministries and public agencies through on-the-job training courses to prepare sound projects and sector programs, set up project and sectoral progress reporting systems which would mesh with the progress reporting system of the central planning body for the comprehensive plan, improve administrative procedures and organization for project programming and execution, and prepare ministry and other personnel for proper operation and maintenance of completed projects.

The foreign consultants who were to act as advisers and supervise the conduct of the inventory and train personnel in the process, would

report to the Training Center. However, the local technicians from the ministries would, although working on the inventory or participating in other training programs under the auspices of the Training Center, remain responsible to the appropriate officials (preferably the heads) of the ministries or agencies where they were employed. This administrative arrangement is desirable because (1) it would provide necessary assurance to ministers and agency heads that they will be involved through their own subordinates in the inventory and review, and (2) it would provide a convenient avenue of communication between the foreign consultants in the Training Center and the top officials of the ministries and agencies.

The staff of the Training Center in each country would be small and would largely consist of temporary international consultants whose sponsorship would be such as to engage the confidence of the central planning unit as well as the ministries and agencies. As a "third force", dedicated to the objectives of comprehensive development planning but free of the ministerial suspicion or hostility with which most central planning organizations must now contend, it would be in a much stronger position than the central planning body to gradually bring programming practices in the operating agencies in line with the requirements for systematic comprehensive planning. In the inevitable conflicts of view between the central planning organization and the ministries and agencies, a sympathetic Training Center unaffiliated with either contender could act as an "umpire" and use its good offices to reconcile differences. Eventually, the Training Center should work itself out of a job, but at first it could prove to be the vehicle for relieving the central planning unit of ministerial programming activities which could easily, on the one hand, interfere with its urgent task of comprehensive planning, and on the other, arouse the suspicions of the ministries that the central planning body was seeking to meddle in operations.

X.

In summary, the central point in this paper is that the first planning job under the Alliance for Progress is not, as some believe, the preparation of long and short-term comprehensive development plans for each Latin American country, or as others contend, the preparation of projects and sector programs, although both are important. Rather, the most immediate and urgent task is for "planning the planning" of each country to assure that available technical and administrative facilities are realistically evaluated and distributed among planning and implementation in suitable ratio. It has been contended here that although this ratio is likely to differ from country to country in Latin America, in all countries the needs for implementation will greatly exceed those for planning. It has been suggested that, at least at the beginning of the Alliance period, pragmatically-prepared plans were preferable to mathematically-oriented ones and that the greatest need was "not so much short-time plans as plans prepared in a short term".

As a first step toward rationalizing current public investment, it has been proposed that an "inventory" of public investments be taken in countries where information on the extent and composition of public investment is incomplete; that the inventory be conducted and its data handled in such ways as to yield not only benefits in improving the existing public investment pattern, but also more lasting results (1) by training nationals in each country in the investment decision-making process, and (2) by establishing them as the nuclei of programming units in each of the ministries and public agencies to complement and cooperate with central planning organizations in their governments. Techniques and an organizational structure were outlined for accomplishing these ends. There can be no assurance, of course, that the prototype presented in this paper will work in any Latin American country, or that it will work in others even if it works in one. Clearly, it would have to be adapted to each country's special needs. There are, moreover, many other prototypes which might work as well or better. But this only points up the need for "planning the planning" in each country.

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THE USE OF SECOND-HAND MACHINERY
IN DEVELOPING ECONOMIES

Albert Waterston

Opposing Points of View

A United Nations publication of a few years ago^{1/} referred to the conflicting views of several U. N. experts about the advisability of using old or reconditioned machinery in underdeveloped countries. One U. N. expert in a Far Eastern country, a specialist in the production of ramie, proposed that second-hand decortivating machinery be used in a plant producing ramie fibre. "While the [reconditioned] machines will not be as efficient as new models," he pointed out, first quality fibre can be produced with them. It is obviously important that every possible economy be practiced in order to conserve foreign currency funds." An expert in another country also recommended installing used machinery in a plant which already had some old machinery because new machinery would "result in a serious imbalance in the flow of production." In contrast, a third expert advised against a proposal to install reconditioned textile machinery in a Middle Eastern country because "old machinery or even the best reconditioned machinery will produce only inferior goods". He saw "no reason why the country should be handicapped with worn-out theories or machinery which would only hamper its strides toward improvement"

Similarly divergent opinions are also found outside the United Nations. There are, indeed, two widely separate schools of thought on the subject. Those who favor the use of second-hand machinery

1/ United Nations, "Capital Intensity in Industry in Under-developed Countries," Industrialization and Productivity, Bulletin 1, April 1958, p. 18. All quotations in this paragraph are from this source.

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The views expressed in this article are the author's and do not necessarily reflect those of the Bank.

and equipment in developing countries argue for most if not all underdeveloped countries, as one U. S. official did in a recent report on his findings in India, that "considering the current stage of manufacture in India, the machine which is obsolete in the United States may well be economical for India at this time because: (1) it costs less; (2) it is less complicated and hence more useable by workers unaccustomed to a high degree of automation; (3) low labor cost in India makes automation less significant; and (4) India can do more tooling up by utilizing selective used equipment because of the great foreign exchange saving." Citing a specific visit he made to a large machine shop and automobile assembly plant which is using second-hand equipment from the United States, the same official wrote: "used machine tools...had proved entirely satisfactory and in fact were better adapted to the work which they were doing at this time in India than more modern automated machines would have been. This was the opinion not only of local engineers but of the two engineers...from the United States...who set up the shop for the firm and have been consulting supervisors of the company's operations during the past three years. In addition to being the right type of thing at this stage in India, their cost was between thirty and forty percent of the cost of new machines."

Advocates of greater use of second-hand equipment in underdeveloped countries contend that not only do firms using such machinery do well in the domestic market, but, because of low wages, they may be able to compete in export markets with companies in high-wage areas which operate with more modern machinery. In Calcutta, for instance, an old private firm, affiliated with a larger British concern, bought from its British associate a used semi-automatic machine for making wood screws. Under Indian conditions of low-wage rates, it not only undersells the British company in India, but also exports to neighboring countries at a lower price than its associate. An even more striking example is that of a foundry in Cleveland, Ohio, that shipped some of its old casting equipment (which in the United States required uneconomic amounts of high-cost labor to operate) to South America, where it was used to establish a foundry. Although steel for casting also had to be shipped from the United States, the company found that the South American castings could be delivered to Cleveland (a round-trip distance of 7,000 miles, including 700 miles of inland transport) at a lower cost than it could produce similar castings with modern equipment in its Cleveland plant.

Those who find little merit in the idea of using second-hand machinery and equipment in developing countries can also cite examples, but these point up the mistakes which can be made with old equipment. For example, machinery formerly used in South Africa was installed in a paper-board factory in Jamaica. The plant has never been profitable in spite of low wage rates in Jamaica because advances in technology have produced a great gap between the productivity of the

newest machines in the United States and the older machines used in Jamaica. Since Jamaica is near the United States and the Jamaican tariff is low, freight costs and duties on paperboard imports do not add enough to the cost to compensate for the lower costs of production of the more modern machines.

There are those who argue that it is uneconomic for developing countries to utilize old equipment under any circumstances. They contend that underdeveloped countries could accelerate their industrialization in the long run by equipping their industries with the most modern automatic machinery available, even if this means that the unemployment problem remains unsolved for a time. Proponents of this course of action believe that in this way underdeveloped countries can most expeditiously overcome the impediment imposed by their unskilled labor force and become internationally competitive with the industrialized nations. "The more advanced techniques," writes one well-known economist^{2/}, "tend to save both labor and capital. By the same token, capital-scarce countries can less afford losses through obsolescence than capital-rich countries; it is particularly important for the underdeveloped country to choose techniques that will not become outmoded soon. In any case, only unskilled labor is abundant; skilled workers, technicians, foremen, and managers are scarce even more scarce than capital. For this reason, one finds Stanvac installing a fully automatic refinery in Bombay, and the municipality of Djakarta choosing a fully automatic French design for its water filtration plant."

One must also take note that the Export-Import Bank and other agencies which finance development projects in underdeveloped countries generally shy away from providing funds for the acquisition of used equipment for the projects they finance. They feel that the use of second-hand machinery and equipment introduces an unnecessary uncertainty in a situation which already has many difficulties. In cases where loans have been made for used equipment, banks have usually required certification from a reliable source that the equipment is in perfect operating order, that it will last at least as long as the lifetime of the loan, and that spare parts will be available if needed.

The matter does not come up frequently because most borrowers prefer new equipment if they can get it. There are several reasons for this. There is the widespread view, by no means limited to the insufficiently-developed countries, that what is new is inherently better than what is old. This is not necessarily so, as everyone knows. Nevertheless, like the financing agencies, operators of plants in underdeveloped countries do not wish to add to their burdens unnecessarily by using second-hand machinery, even if they know where to get it; and it is not always easy to locate the right type of usable

^{2/} Benjamin Higgins, Economic Development, W. W. Norton and Company, Inc., New York, pp. 672-3.

second-hand equipment when it is needed. Furthermore, while a plant may be found where used equipment is pointed out to visitors, most operators take much greater pride in managing factories with the most up-to-date production facilities. This human frailty is frequently encountered in underdeveloped countries.

Indeed, in some underdeveloped countries, there is such a strong aversion to the use of anything but new machinery that entrepreneurs have been known to settle for lower financial returns in order to enjoy the psychological satisfaction derived from ownership of the latest equipment. Anyone who advises a developing country to acquire used machinery runs the risk that his motives will be suspected, and that he may be accused of wanting to saddle a country with the "castoff" equipment which another country wishes to scrap. If anything goes wrong in a factory which has installed second-hand machinery, the blame may be placed on the used equipment instead of on possible mismanagement or on other causes unrelated to the used machinery.

In any discussion of the advantages and disadvantages of used equipment for underdeveloped countries, one is likely to be as impressed with the arguments of those who oppose the idea as with those who favor it. Which of the contrasting views is "correct"? Are the two positions irreconcilable or is it possible that the "right" answer is that it depends on the circumstances of each case? If it does depend on circumstances, what are the conditions which determine when it is advantageous for an underdeveloped country to acquire second-hand machines or equipment and under what conditions is it inadvisable to do so? What are the opportunities for acquiring second-hand machinery and equipment and what is the outlook in the next five years in this field? Are there any general guidelines which developing countries can obtain from past experience which might help them decide how to proceed when confronted with opportunities to obtain used machines?

The Supply of Used Machinery and Equipment

The questions raised in the preceding paragraph are of special significance to the United States because, among the industrial nations of the world, it has the greatest surplus of used machinery and equipment and it is the greatest single supplier of second-hand equipment and machinery to the underdeveloped countries. No one knows exactly how much used machinery and equipment of all kinds is surplus to the needs of the United States economy and available for export, but everyone concerned with the subject agrees that it is considerable.

There are good reasons for believing that the supply of second-hand equipment and machinery in the United States will increase greatly in the next few years. A study published by the American Machinist in its issue of November 17, 1958 (Vol. 102, No. 24) concluded that the average age of machine tools in use in the United States has been increasing since 1945; that about 60 percent of the

machine tools in operation in 1958 in U. S. industry were at least ten years of age, 42 percent were between 10 and 20 years of age, and 19 percent were 20 years and older. Similar data are not available for production machinery and equipment, but it is generally agreed that there is no appreciable difference in the age of most other production machines and equipment in the United States.

The great age of most American machinery and equipment at a time of rapid technological advance has stimulated a movement toward large-scale modernization and automation of U. S. industry. It is, therefore, probable that a considerable amount of used machinery and equipment will become available in the United States in the next five years. Not all of this machinery is likely to be usable without rehabilitation, and that part which is workable will not consist wholly of the kind developing economies can put to effective use. Nevertheless, the fact that U. S. industry needs to modernize implies that it has too much "general purpose" equipment which needs to be replaced with "special purpose" equipment. Since "general purpose" equipment is the type most adaptable for use in developing economies, modernization of U. S. industry promises to make available a substantial amount of equipment needed by developing economies.

When U. S. Government machinery or equipment is found to be in excess of requirements of any agency, other Federal agencies may claim it for their use. The International Cooperation Administration, under the terms of sub-section 535 (b) of the Mutual Security Act of 1954, is authorized to claim U. S. Government surplus machinery and equipment for transfer to underdeveloped countries. Equipment transferred under this law is donated free of any charge except for the cost of inspection, rehabilitation (if requested by the receiving government), packing, crating, handling and transportation. Between 1956 (when the program began to operate) and 1960 inclusive, the International Cooperation Administration transferred surplus machinery and equipment of all kinds with an original acquisition value of about \$90 million, an amount which constituted only a small fraction of the total value of U. S. Government surplus machinery and equipment during the same years. ICA officials explain they have found it difficult thus far to find the kind of used machine tools requested by developing countries among surplus U. S. Government machinery.

The growing amount of surplus equipment and machines in the United States, and the promise of an even greater accumulation in the next few years as U. S. industry is modernized, have given rise to plans for making some of these items available to less industrialized countries. A group of officials from the legislative and executive branches of the U. S. Government is actively discussing with representatives of the machine tool industry a plan for establishing a "tool Bank" to be operated under government auspices. As presently conceived, the Tool Bank would gather used machinery, tools and equipment from industry, agriculture, and government, and transfer

those which were both usable and suitable without any, or with a limited, charge to developing nations. The Tool Bank idea is still in a formative stage and many problems need to be resolved before it can be approved and put into operation, but its proponents are both optimistic about the potentialities of the plan and the likelihood of its adoption.

Meanwhile Technico, a private, non-profit organization, has been collecting used machinery from many business and other sources in the United States since August 1960; arranging for their repair when necessary; and donating them to trade and vocational schools, missions, refugee rehabilitation centers, and village cooperatives in under-developed countries requesting such equipment. Equipment shipped so far includes, sewing machines, machine tools, hand tools, and farm tools and implements.

The Meaning of Obsolescence

The idea that used machinery and equipment can be put to advantageous use in a developing economy can hardly be called new. In Asia, Europe, Latin America, and other parts of the world, the large amounts of used machinery and equipment which have been in operation for many years in cement, iron and steel, aluminum, electrical automobile, metal fabricating, textile, chemical, and other manufacturing plants, as well as in machine shops, foundries, sugar mills, mines, road building projects, and agriculture bear testimony to the usefulness and profitability of second-hand equipment in the less-developed nations.

It is sometimes forgotten that many prosperous industries in the United States started their plants with second-hand equipment. Indeed, many of these plants are still in operation, and there are some U. S. manufacturers who have never bought a new piece of equipment. Even today, no less than two second-hand machine tools are sold in the United States for every new one. In 1960, about 88,000 used machine tools were sold, with a dollar value that greatly exceeded the value of the 40,000 new machine tools sold. The use of second-hand equipment does not necessarily imply backwardness. Indeed, old equipment has been employed for the most modern purposes. According to the New York Times of June 3, 1961, "Lockheed Aircraft Corporation's outer space research is depending to a large measure on a fifty-two ton generator that formerly fed power to the inner reaches of Boston's subway system." The subway system, which had used the generator for 40 years, sold it because it had converted from direct to alternating current. Lockheed purchased the old unit at about one-tenth the cost of a new generator and has used it "on such projects as Agena B satellite vehicles and advanced versions of Polaris ballistic missiles."

In an advancing industrial country, many pressures operate to make machinery and equipment obsolescent before they are worn down and

unusable. When a new technical process is introduced or an existing one improved, usable machines or equipment may have to be replaced with new ones which embody new or improved techniques in order to meet competition. Thus, ceramic-tipped cutting machine tools have outmoded carbide-tipped tools, just as carbide-tipped tools outmoded high-speed tools, and the latter in turn had outmoded carbon steel tools. Sometimes, machines become obsolescent because of a change in the way an industry is organized; or, changing fashion or consumer taste may require basic re-design of a product, and usable machines have to be discarded to supply the new demand. If the market for a product contracts, good machines may become surplus; or if the size of a market expands, existing machinery may no longer be able to produce economically the greater quantities needed within the required period, especially when the demand is seasonal -- as, for example, in the case of cans for food -- but also when the output at the higher level would require the addition of larger than economic amounts of labor per unit of output (perhaps by requiring overtime pay at higher rates.) In such cases, the availability of machines which are capable of producing more speedily or which use less labor may make existing machinery obsolescent. High or increasing wage rates constitute one of the most important stimulants in industrial countries toward bringing about replacement of existing manually-operated or even semi-automatic machines and equipment with "automated" machinery which economizes on the use of manpower. There are, therefore, a variety of reasons, having little or nothing to do with age or usability, which may make machinery or equipment obsolescent.

Most obsolescent machinery and equipment has been used, but a machine could be brand new and still be obsolescent. To take a commonplace metal-working machine as an example, an 8/12" swing general purpose engine lathe is obsolescent in the United States at the present time, but it is not in the U.S.S.R., where it is currently being produced as new machinery on a mass-production basis for internal use and export. Machinery which is obsolescent or even obsolete in an advanced industrialized country today may thus be well-suited for operations in less-developed economies at the present stage of their industrialization. A used machine may represent a considerable advance over manual labor or hand tools, just as a slightly-used machine may be an advance over much older machines. In Yugoslavia, the replacement of a 50-year old textile machinery with 5-year old textile machines, at a cost equal to about 40 percent of the new machines, was a great forward step.

This conclusion does not mean, of course, that developing economies are not also able in specific instances to make good use of modern equipment. For example, where a new process eliminates the need for skilled labor, chronically in short supply in the less-developed countries, it might be better for them to acquire equipment which embodies the latest innovations. Thus, in the foundry business,

hand skills are normally employed in making patterns, molds, and in sand technology, which take 15 or 20 years to learn thoroughly. Such skills are obviously not available in most underdeveloped countries. However, a new "shell-molding" process has been invented which employs a combination of resinous material and sand to make a hard shell mold. When the metal is poured into the shell, the resin is melted out and an excellent casting is obtained. Such molds can now be imported by developing countries to make castings by mechanical means without the use of the highly-skilled labor required by the older process.

When Used Machinery is Desirable

Under the appropriate circumstances and with adequate safeguards, it may therefore be advantageous for developing countries to acquire second-hand machinery or equipment which, although obsolescent in industrialized countries, is capable of producing goods of satisfactory quality at marketable prices when used in developing economies. Used machinery can often be obtained for prices which range from 30 to 75 percent of the original cost (which nowadays is sometimes 20 to 40 percent of what the same machine would cost if it were to be made today and even a lesser percentage of the cost of a more modern machine doing similar work.)

However, the terms "second-hand" and "used" have been applied indiscriminately to machinery and equipment which have never actually been used or even uncrated (but which the original buyer found to be unsatisfactory for some reason); which have been used only a little and are in perfect operating condition; which have been used but are structurally sound and could be made as good as, or almost as good as, new by rehabilitating or replacing a few working parts; which are almost worn out and require major rebuilding; and, finally, which are so worn out and useless that their value is equal only to the current price for scrap. Consequently, while used machinery and equipment may require only minor repairs to be operable, some may need rehabilitation costing as much as 30 or 40 percent of their original value to be put in good condition. For work which requires fine tolerances, it may be necessary to rebuild the machine completely; but for work where close tolerances are not essential, it may be necessary to replace only the operating parts of the machine without rehabilitating the structural parts -- work which can generally be done for a small outlay. In most cases, it is not necessary to recalibrate U. S. machinery from inches to the metric system; but, if this is required, the cost could be high.

Used machinery is a bargain only if it will produce satisfactorily and the price is right. The price must therefore take into account repairs needed to make the equipment operable to the required standards. Account must also be taken of the possibility that manufacturer's credit or a bank loan may be available to finance the purchase of new machinery but not

available for the purchase of old machinery. In calculating the benefits of used machinery, the would-be buyer must also satisfy himself that prospective savings in investment and consequent reductions in interest and depreciation charges more than offset increases in labor, material and fuel costs which may be due to the use of older equipment. Whether used machinery is better than new in any particular instance, therefore, depends on the circumstances in any situation. There are, however, some rules of general applicability where used machinery may be preferable to new.

Where local capital or foreign exchange funds are scarce, and interest rates are high relative to wage rates, the lower cost of used equipment is often an important consideration. The smaller the investment in equipment, the lower the amount of fixed costs. Highly-automated production lines can be supported only when they are running at or near capacity; otherwise, the fixed cost per unit produced is extremely high. This means that the market must be large enough to absorb the output of the automated machinery. However, markets in most underdeveloped countries are too small to permit automatic machinery to operate near capacity. Such machinery might easily turn out the yearly requirements of the market in a few days. Until demand caught up with production, the machinery would stand idle.

Moreover, a manufacturer may require from six months to two years to supply new machinery and equipment. The actual "lead time" depends on the size and complexity of the equipment ordered and the size of the manufacturer's backlog of orders. In contrast, used machines can usually be acquired immediately and installed quickly to start yielding returns. This difference in availability of new and used machinery has sometimes been used to advantage by entrepreneurs who, forced to wait for months or years for new equipment on order, meanwhile purchase, install and operate a used machine which they sell when their new machinery arrives.

While automatic machinery requires few workers, it demands more skilled and trained workers than older machines for operation, maintenance and repair. Repair parts for modern automatic machines are also likely to be costlier than for older machines and, unless a replacement is readily available when needed, the time the machine is laid up could greatly increase costs. Of course, used machinery may also require repair parts which may not be on hand but, since older machines cost less than the newer machines, their idle time is also less costly.

In discussions about the use of second-hand equipment in developing economies, limitations imposed by repair parts are often either overstated or understated. One side contends that, whatever the advantages of used machinery and equipment, they are more than counterbalanced by the fact that repair parts are usually unavailable. The

other side argues that the whole question of repair parts of used machinery has been grossly exaggerated. As in most arguments, the facts appear to lie between the extremes. If the manufacturer of the used machinery is no longer in business, the purchaser may indeed face problems, especially if there is no machine shop in his city or country. But in most developing countries, there are machine shops, some of them quite small, which are able to reproduce almost any part likely to be found in used machinery. Where the material used to machine the replacement is comparable in quality and hardness to the original part, the duplicated repair part has generally been found to function as well as the original. Difficulties have, however, been encountered with locally-manufactured repair parts where, because of attempts to save on the cost or because the proper quality of material was not easily obtainable, the replacement was made of low-tensile strength material, e.g., grey iron or cold-rolled steel instead of case-hardened or heat-treated steel. Where the original manufacturer is still in business, or has been merged with another firm which is still operating, it will usually be found that the manufacturer of the used machinery either can make repair parts available or can furnish blueprints or patterns from which repair parts can be made. Producers of machinery generally stock repair parts for machines of their manufacture for at least ten years. In the case of textile machinery, some manufacturers continue to make repair parts for machines they produced forty years ago.

When the technology of the latest machines in a specific field has not made great advances (when, for example, the new machines merely produce a product which is essentially the same as the one made by the older machines, but much faster or with greater economy in the use of manpower), there is a greater chance that the older machines can be put to profitable use in an underdeveloped economy than when improvements in the newer machines also result in improvements in the product. Obsolescent machinery incapable of producing a competitive product will generally be uneconomic to acquire at any price. Thus, an Indian factory with old (although originally acquired new) equipment producing spark plugs which are inferior to other spark plugs available in the Indian market is bound to be at a disadvantage. However, even machinery which makes products of less than the best quality has sometimes been found to be satisfactory in some markets. For example, used batch dyeing equipment in a textile plant in a Central American country could not be made to reproduce the exact shade of color from one batch to the next. Nevertheless, it operated profitably since consumers in this market did not mind variations in the shade of the material they purchased.

The use of machinery and equipment employing antiquated processes or producing goods inferior to those available abroad is more likely to be profitable in a protected market, or where there are restrictions on imports, or where there is a shortage of foreign exchange than in an open market or one without import or foreign exchange restrictions. However, even in a protected market, the operator of

inferior equipment must reckon with the chance that a competitor may establish a modern plant. Thus, machinery originally manufactured in the United States in the 1890's, first used in Spain and later in Mexico, finally came to rest in Nicaragua during World War II in a textile mill making coarse cloth. The mill was able to sell its output at a profit as long as there was a shortage of cloth, but after the war another plant with more modern equipment was built and the old plant could not compete.

What Makes for Success

Those who know the market requirements of a country and the kind of machinery needed to produce for the domestic market, and who also know how to obtain the necessary equipment and to assure that it is operable, stand the best chance of using second-hand machinery profitably in a developing economy. But, the very enumeration of these conditions makes it clear that they are difficult to realize. Few persons in underdeveloped countries are, by themselves, qualified to meet these conditions. Although they may know the market potentialities of their countries, they may not know exactly what type of machinery or equipment is needed. When a dealer in used machinery receives a request from abroad for "a metal-working lathe" or when the U.S. Department of Commerce receives a request from a North African country for "equipment to process dates for export" neither one is able to proceed without more specific information. The first rule for someone who wishes to acquire machinery (new or used) is therefore that he know or learn the exact specifications he requires to meet his specific needs. The more detailed the knowledge, the greater the possibility of locating the equipment wanted. One sometimes comes upon machinery unused and rusting out-of-doors in underdeveloped countries in mute testimony that someone was unfamiliar with what was needed.

Those who know machinery and equipment are just as subject to pitfalls if they are unfamiliar with market conditions in developing economies. Sometimes, plants established in developing economies. Sometimes, plants established in developing economies by U. S. companies are too large. Business Week, in its issue of December 24, 1960 (pages 57 and 58) reported that U. S. firms, accustomed to "pushbutton engineering" and production for mass markets, have had to learn to "think small" in Mexico and to remember "how we did it in the U. S. around the turn of the century". Thus, Diamond Alkali, "after some 'research in reverse,'" established a small DDT plant which produces about 6 to 7 tons daily, although "to make a profit... everybody told us we needed a minimum capacity at least five times larger than we have".

To overcome the disadvantages of one-sided knowledge, local entrepreneurs operating plants in developing economies sometimes

engage managers or consultants from abroad who help them acquire and operate usable second-hand machinery, while U.S. (and other foreign) firms operating plants in developing economies engage nationals of the developing nations in which they operate who are informed about the local market. An outstandingly successful example of the former is Altos Hornos, an iron and steel mill in Monclova, Mexico. With the aid of its able and experienced American General Manager, two blast furnaces, a billet mill, and other used equipment have been acquired in the United States, rebuilt in Mexico, and incorporated in the Altos Hornos plant. Since World War II, when the plant was started, it has operated competitively with other steel plants in Mexico and its capacity has risen from something over 100,000 ingot tons to over one million. From 25 to 30 percent of the equipment in the plant was purchased second-hand.

Another way in which used machinery and equipment, technical operating knowledge and an understanding of local conditions have been merged successfully is through the joint business venture in which both local citizens and foreigners own shares. Industrias Kaiser Argentina (IKA) is such a joint venture in which the Kaiser Interest in the United States, the Argentine Government, and private shareholders in Argentina each have a one-third interest. The Kaiser contribution consisted of some \$13 million of used machinery from its former Willow Run plant, as valued by independent appraisers, plus the cost of shipping the machines to Argentina. The plant, which has capacity to assemble 60,000 automobiles and employs 9,000 people, has proved to be a profitable operation. In another joint venture, the Firestone Tire & Rubber Company has entered into partnership with an Indian company, Synthetics & Chemicals, Ltd., to build India's first synthetic rubber plant. Synthetics & Chemicals has recently purchased a used U. S. Government butadiene plant located at Louisville, Kentucky. This purchase was made possible by an allocation of almost \$4 million from the Export-Import Bank credit to India.

How to Do It Yourself

If, however, an entrepreneur in a developing economy is either unable or unwilling to enter into partnership with an outside firm, there are other ways in which he may go about acquiring used machinery and equipment. If he knows exactly what he wants and can qualify under the terms of the Mutual Security Act of 1954, he can request the item he needs through the appropriate official channels set up in his country for this purpose. However, the big problem in the past has been to match the machinery requested with what is available. In all probability he will have to wait for an extended period until the particular item he wants becomes available as U. S. Government surplus.

He may also attempt to locate the machine or piece of equipment he wants through private channels. Many technical magazines list available used machinery and equipment, and trade associations of the various industries may be able to help locate particular items. The U. S. Department of Commerce, when notified by a U. S. embassy of the specific interest of a foreign buyer, will try to put him in touch with a reputable seller of the used equipment he seeks. There are also several hundred established and reliable dealers of used machinery and equipment in the United States, many of whom are interested in exporting. However, the buyer from a developing country would do well ordinarily to avoid the "finders" or "brokers", who go about looking for a buyer or seller of a machine, a plant, or any other surplus equipment they may have come across. Since their purpose is merely to act as an intermediary to bring together a buyer and seller for a single transaction, rather than to establish a regular clientele, and since they know little about what they are selling, transactions made under their auspices need to be conducted with extreme caution.

In some countries, through importers who act as regular agents for foreign concerns, a buyer may be able to acquire good used machinery, but the results obtained depend on the extent to which the importer or the seller is prepared to guarantee the machinery and equipment. There are all kinds of guarantees given with used machinery, such as the guarantee that the machine will operate "to the buyer's satisfaction," or that defective parts will be replaced, etc. However, the best guarantee from the standpoint of a buyer in another country is one in which the seller certifies that the machine or equipment will either do a specified job or will be replaced by another machine or piece of equipment which will.

Some manufacturers of new equipment also sell used machinery and equipment of their own make which they have reconditioned or rebuilt. This source is a particularly desirable one, since the buyer usually gets a warranty or guarantee with his purchase and can expect to get repair parts for the rehabilitated machinery. Many manufacturers who sell only new machinery and equipment know which of their customers are planning replacements. These manufacturers are therefore in a good position to direct would-be purchasers of used machinery to potential sources of supply. From time to time, the U.S. Government also sells surplus machinery and equipment under sealed bids. These sales are widely publicized and anyone may have his name placed on the list to receive announcements. Under certain circumstances, negotiated sales of surplus equipment can also be arranged. Finally, many private plants have idle used machines and equipment which they would be glad to sell.

Since the condition of a machine or piece of equipment may vary widely, a buyer of used machinery or equipment would do well to engage an independent and qualified authority to examine the machinery he is considering for purchase. There are several well-known and reliable

companies which specialize in inspecting, testing, appraising and certifying equipment of all kinds. Sometimes the manufacturer of the equipment, if available, may be willing to do this, and for some types of equipment, e.g., boilers, insurance companies may be competent. The extra cost for this service is generally small in relation to the benefits.

However, even the best expert cannot determine exactly how good a piece of machinery or equipment is from its appearance. To evaluate properly the capabilities and shortcomings of a machine, it must be tested under power "analytically" and put through its entire cycle of operation in accordance with a standard test pattern (such as has been developed by the U. S. Defense Department) which indicates the machine's accuracy at designated important points. Testing under power is particularly important if a machine will be required to operate to fine tolerances.

The purchaser must also determine if the machine is both capable of using attachments and is equipped with a full complement of accessories and attachments. Otherwise, the machine may be useless for the purpose which the buyer has in mind. Many machines sold on an "as is" basis, including U.S. surplus, have vital parts and accessories missing.

The buyer who goes out on his own to purchase used large or special types of equipment must also be certain that it can be dismantled, packed, shipped and reassembled without injury. The fact that equipment operates well at its original location provides no certainty that it can be dismantled and reassembled at the new site and be made to operate as efficiently as before. When a lathe, drill press, grinder or other simple machine is involved, the difficulties may not be great. However, when the second-hand machinery or equipment is a complex grouping composed of multiple units, such as a blast furnace, a rolling mill, chemical equipment (other than separate units, like stainless steel vessels, vats or tanks), or a coffee-roasting plant, the task of appraising, dismantling, packing, shipping, rehabilitating and reassembling it becomes a major operation surrounded by greater risks than most buyers in underdeveloped countries should undertake. The blast furnace or rolling mill may require major rebuilding; the chemical equipment may be corroded; and in order to salvage the coffee-roasting plant, the building in which it is housed may have to be partly torn down and rebuilt after the plant is removed. These examples are not hypothetical; all of them have actually happened.

Summary

We may conclude that large amounts of used machinery and equipment are likely to become available in the next five years as

U.S. industry modernizes. The increase in the supply of such machinery will offer developing economies greater possibilities than before to acquire and use second-hand equipment to aid their industrialization. While there will be instances when developing countries will be able to make effective use of new and modern equipment, there will also be many instances when they can make effective use of used machines which are obsolescent in the more advanced industrialized countries. The use of such equipment need not involve "backward technology". Indeed, used machines may introduce advances which are easier for developing economies to assimilate than are the greater advances of the newer and more automatic machines. In appropriate circumstances, the use of second-hand machinery has already proved its worth in the developing economies, as it has in the more advanced.

It should be recognized, however, that to acquire the right kinds of equipment at "bargain" prices presents problems and pitfalls. The task calls for expertise which is often lacking in underdeveloped countries. It would be well, therefore, for the would-be buyer to acquire a knowledgeable employee, a partner, or to seek the assistance of those who are both impartial and qualified to help him select the equipment he needs for his particular purposes, and to ascertain that it is fully operable and otherwise capable of doing the job required.

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IDA CREDITS BY PURPOSE AND AREA AS OF JUNE 30, 1964

(Millions of U.S. dollars, net of cancellations)

Purpose	Area				
	Total	Africa	Asia and Middle East	Europe	Western Hemisphere
<u>Grand total</u>	<u>778.4</u>	<u>54.4</u>	<u>615.3</u>	<u>26.7</u>	<u>82.0</u>
<u>Electric power: generation and distribution</u>	<u>57.7</u>	<u>-</u>	<u>56.0</u>	<u>1.7</u>	<u>-</u>
<u>Transportation</u>	<u>353.9</u>	<u>31.8</u>	<u>246.7</u>	<u>-</u>	<u>75.4</u>
Railroads	116.5	-	116.5	-	-
Roads	215.2	31.8	108.0	-	75.4
Ports and waterways	22.2	-	22.2	-	-
<u>Communications: telephone, teleg.etc.</u>	<u>42.0</u>	<u>-</u>	<u>42.0</u>	<u>-</u>	<u>-</u>
<u>Agriculture and forestry</u>	<u>132.8</u>	<u>13.0</u>	<u>96.2</u>	<u>20.0</u>	<u>3.6</u>
Irrigation and flood control	127.7	13.0	94.7	20.0	-
Land clearance, land improvement, etc.	1.5	-	1.5	-	-
Livestock improvement	3.6	-	-	-	3.6
<u>Industry</u>	<u>106.5</u>	<u>-</u>	<u>101.5</u>	<u>5.0</u>	<u>-</u>
General industry	96.5	-	96.5	-	-
Development finance companies	10.0	-	5.0	5.0	-
<u>Water supply</u>	<u>62.9</u>	<u>-</u>	<u>59.9</u>	<u>-</u>	<u>3.0</u>
<u>Education projects</u>	<u>22.6</u>	<u>9.6</u>	<u>13.0</u>	<u>-</u>	<u>-</u>

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July 9, 1964

(Mr Lind discussed with Mr Waterston
1/13 & suggested a few amendments and that
paper be sent to John Scott)

Public Administration For What?

- A Pragmatic View -

by

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on the United Nations Programme in
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I. GENERALIZATIONS

Introduction

1. The fundamental changes in the functions of governments in low-income countries and the changing environments in which they must work have enhanced the awareness of the need for administrative reform. Achievement of independence, sometimes followed by the replacement of inefficient independent governments by reform-oriented ones, the introduction of national planning for development, and enlargement of the scope of government to meet the mounting aspirations of peoples for more education, health facilities and the public services, as well as higher incomes, require far-reaching changes in public administrative systems to meet the new challenges. ^{1/}
2. In most of the ex-colonial countries, the main task is to re-orient administrative structures and procedures designed in a static era for the provision of routine government services to the requirements of a dynamic era concerned with development. This is a complex and difficult job. But the task is even more complicated in low-income countries which have been politically independent for a long time. These countries have frequently failed to build up efficient government administrations, even for the collection of taxes, the preservation of law and order or the provision of basic services. In these countries, therefore, administrative structures must not only be modernized to meet the new needs of political, social and economic development; they must also be made to function with tolerable efficiency to

^{1/} "The United Nations Programme in Public Administration" Report by the Secretariat. Meeting of Experts on the United Nations Programme in Public Administration. 16-24 January 1967. ST/SG/AC.6/L.3. 12 December 1966, p. 33

provide the usual government services. ^{1/}

The Tendency Toward Major Reform

3. Given the magnitude and scope of the public administration problem in low-income countries, there is an understandable tendency on the part of those aware of the needs to address themselves to major administrative reform, i.e., "towards a general improvement of public administration, or at least a strategic part of it, such as the Civil Service system, which may, in turn, become a source of stimulus for further reform throughout the system. ^{2/} Thus, in a Report to the Government of Malaysia in 1966, Professors John D. Montgomery of Harvard University and Milton J. Esman of the University of Pittsburgh recommended the creation of a Development Administration Unit in the Prime Minister's Department, which has since been established, to plan and guide major, government-wide, programs of administrative improvement in such areas as personnel and career development, budgeting and expenditure control, procurement, and contracting. In another (as yet unpublished) report prepared by Dr. John C. Honey of the Institute of Public Administration, a proposal is made for the creation of a National Council on the Public Service in Latin American countries which would act as the spearhead for improving each country's public service and administration. ^{3/}

^{1/} Waterston, Albert. Development Planning: Lessons of Experience. Johns Hopkins Press (1965). Baltimore, Maryland, pp. 250-251.

^{2/} ST/SG/AC.6/L.3, op. cit., p. 37.

^{3/} "Toward Strategies For Public Administration Development in Latin America".

4. Such bodies might be able to perform useful service under appropriate conditions, but only when they are consistently and firmly supported by the political authority. This appears to be the situation in Malaysia, where the new Development Administration Unit is being sponsored by the indefatigable and forward-looking Deputy Prime Minister of the country. For awhile, Venezuela's Public Service Commission, established to improve that country's public administration, enjoyed considerable prestige because of the support it received from the President of the Republic. But his interest was unfortunately short-lived, with the result that the Commission lost its former prestige and influence. Experience shows that the establishment of a new agency, however well conceived, frequently brings little or no improvement in the public administration because it proves not to be immune from the malaise which afflicts the rest of the body politic.

5. This is hardly surprising to anyone familiar with the history of attempts to initiate ^{over-all} global administrative reforms in low-income countries throughout the world. India, Pakistan, Iran and the Philippines in Asia; Venezuela, Colombia, Ecuador, Brazil, Argentina and Chile in Latin America; Ethiopia, Ghana and Libya in Africa; to name only examples, have for many years sought to improve the efficiency of their public services with only modest results to show for their efforts. Proposals for global administrative reforms, which in the abstract appeared desirable and reasonable, have frequently ended up as distorted, piece-meal solutions after implementation which bore little resemblance to what was originally intended. Or, where implementation of an advanced program of administrative reform was actually carried out in more or less the intended fashion, as in the case of the

performance budgeting system introduced in the Philippines with the help of foreign technical assistance, it proved to be beyond the absorptive capacity of a public service firmly committed to traditional procedures.

6. One can only agree with the conclusion of the Public Administration Branch of the United Nations Secretariat, made after a review of the U.N. projects related to major administrative reform that "Administrative improvement is a long-range and difficult process". Nor can there be any quarrel concerning the accuracy of the Branch's contention "that far-reaching changes of a fundamental nature are essential in political and social spheres as the first step in administrative reform".^{1/}

7. Thus, a question arises whether the trouble with most efforts to improve public administration has not been that too much has been attempted at once. Given the right political and social environment, comprehensive efforts at administrative reform can undoubtedly succeed "if pursued consistently and with full realization of the complexity of the task and the nature and magnitude of the resources required."^{2/}

Inadequacy of the "Wholistic" Approach

8. But what is the appropriate strategy when "the right political and social environment" does not exist and where governments are unwilling, or as is more likely, unable to make the far-reaching and fundamental changes which the U.N. correctly considers to be the first step in major administrative reform? Is the prescription still to be "wholistic", as Kleber

^{1/} ST/SG/AC.6/L.3, p. 45.

^{2/} Ibid.

Nascimento of Brazil has called attempts at administrative reform in his country, rather than partial; ^{1/}sudden rather than gradual; general rather than specific? Is it sensible to continue with this approach although little has been accomplished by it in the past and there is no valid reason for believing that the "right political and social environment" is closer to realization in most low-income countries?

9. Anyone with experience in low-income countries in early stages of development soon comes to know that attempts at fundamental, across-the-board reform to create ideal systems in any field of activity are likely to be premature and self-defeating. The necessary pre-conditions for the success of such efforts, however justifiable in terms of need or desire to do the right thing, simply do not exist. Professor Albert Hirschman has called this approach "the motivation-outruns-understanding style of problem-solving", characterized by "endlessly repeated calls for a full, integrated, definitive, and rapid solution to the difficulties that are being encountered". ^{2/}

10. On the other hand, the evidence shows that partial administrative reform, or at least improvement, is feasible in selected instances - be they in connection with projects, programs, economic or social sectors, or geographic areas or whole regions - where the required preconditions for success

^{1/} Cited in Bell, Peter D., "Public Administration Development in Brazil" (1966). Unpublished.

^{2/} Cited in Bell, Peter D., op cit.

exist. Where the need to get something important done arouses in political or other authorities an awareness that administrative change is essential to the success of the venture, where the venture is backed by a powerful person, group or entity which is likely to stay powerful and interested long enough to allow reforms to be institutionalized, and where the proposed reforms are not beyond the capacity of the governmental unit(s) concerned, the prospects for administrative reform are good. These prerequisites to reform may of course exist in some less developed countries in some periods in sufficient strength to permit global reforms to be instituted; but if experience counts it would be much more realistic to assume that in most low-income countries, the lack or insufficiency of one or more of the preconditions dooms most attempts at global reform. It is not defeatism, therefore, but prudence, nurtured by experience, that counsels the necessity for the courage and patience to think small.

11. For most less developed countries, the comprehensive approach to administrative reform may not be so much wrong as it is premature. Partial administrative change may not be as neat and satisfying as a global overhaul of the civil service or a fundamental revision of a major segment of public administration, like the budget or procurement, but the choice between global and partial reform may not be a real one. Albert Hirschman effectively demolished the theory of balanced growth by pointing out, among other things, that it required huge amounts of precisely those attributes - entrepreneurship, the ability to make decisions and managerial skills - which are in very limited supply in less developed countries. It was altogether inconceivable, he pointed out, that a less developed country

could with its own forces, or even with limited help from abroad, mount the kind of balanced, comprehensive investment program envisioned by protagonists of the balanced growth theory. Indeed, said Hirschman, if a country were able to apply the doctrine of balanced growth, it would not be an underdeveloped country. Hirschman went on to elaborate his theory of unbalanced growth and showed that not only has growth moved in see-saw fashion over the years in the now developed countries, but that the disequilibrium created by one investment induced a second disequilibrium which induced a second investment, and so on.

12. Similar arguments can be marshalled against the view that overall administrative reform is preferable to partial reform. The many failures of attempts at global administrative reform have made it clear that the governments of most less developed countries are not equipped with the managerial skills and decision-making powers, or for that matter, with the political stability and commitment required, to effectively carry out global administrative reforms. If the evidence accumulated thus far were to be examined objectively and dispassionately, it probably would show that in most less developed countries, most administrative changes (whether proposed originally as global or partial reforms) have really been piece-meal in nature. If effective, they may well have served as models in other parts of government; if ineffective, they may well have made it clear that further reform is required. In either case, partial reforms may have induced further reforms and have prepared the way for a more fundamental, across-the-board, advance. This is not hypothetical. It describes what has happened in some countries. It would not be surprising if research showed

that it has happened in many or most low-income countries.

The Case for Partial Administrative Reform

13. Even if it could be shown that ineffectual global administrative changes eventually stimulate broader reforms than might otherwise have been possible, it would not constitute an adequate defense of such change. There is a school of thought which holds that things must get worse before they can get better in some low-income countries. But this is not the point of view espoused here. The situation is bad enough as it is in many of these countries for a planned approach at unbalancing it further. Rather, the view advanced here is that partial improvements in public administration need not be haphazard, piece-meal and ineffectual; if carefully conceived and planned, they can produce substantial immediate results in dealing with urgent problems and, in addition, lay a basis for overall administrative reform later.

14. It has been shown, for example, that in countries where drastic, across-the-board changes in personnel practices, administrative procedures and organization on an "all or nothing" basis were unfeasible, important administrative improvements were nevertheless possible if they were related to the need to carry out important development projects and programs. ^{1/} It would be desirable in all cases to relate such "nuclei" of reform to a comprehensive program for improving public administration. But where this is not practicable, and it is contended here that it is in fact impracticable in many low-income countries at their present stage of development, the

^{1/} Waterston, Albert. Development Planning: Lessons of Experience, op. cit., p. 285.

"nuclei" approach may constitute a feasible alternative.

15. This is not to say that attempts should not be made whenever appropriate to introduce overall reforms based on comprehensive programs for major improvements in public administration. Indeed, it is probable that in some countries, the "nuclei" and the comprehensive approaches can constitute two components in a coordinated approach to administrative betterment. But whereas the comprehensive approach may prove to be feasible in some countries where conditions are propitious, the "nuclei" approach is likely to be applicable in all. Moreover, whenever "nuclei" of administrative improvement had been established, efforts at eventual global reform would surely be aided.

16. Public administration covers every aspect of government activity. It is inextricably interwoven in the warp and woof of the fabric of government. But just as it is impossible to envisage a substantive task of the state whose execution does not involve the administrative apparatus in some way, it is impossible to conceive of public administration as something which is in fact separated, or apart from, the substance of government. It is true, of course, that principles of public administration may be treated as a separate subject. But this is an abstraction from reality, defensible under some circumstances as a pedagogical device. It must never be confused with the reality itself.

17. Hence, neither public administration nor administrative reform should be an end in itself. Improved public administration may be a necessary condition for bettering government services, but it is not a sufficient one. For example, a major reform like the installation of the modern system

of performance budgeting in the Philippines may have set the stage for improvements in government services at some later time, but it has had little impact on government procedures thus far. For the time being, it is a costly innovation because it employed resources that might have been put to more immediately remunerative use elsewhere.

Planned Development and Public Administration

18. The dire effects of maladministration are likely to be great in almost every field in which government operates in low-income countries. It would be easy to justify widespread administrative reform in these governments on the basis of need. But given the scarcity of human skills and financial availabilities, it makes economic sense to allocate resources in a way which promises the highest yields quickly, taking into account what is politically and administratively feasible. In recent years, planned development has assumed well-nigh unchallenged ascendancy as a national objective in most low-income countries. Since most public savings, as well as external aid and loans, are invested for development, improvements in public administration for development could greatly increase the speed and efficiency of investment efforts, in the private as well as the public sector.

19. Because of this, many practitioners in the field of public administration have sought to make a major shift in the emphasis of their subject toward the requirements of planned development. Some have even advocated and introduced a new name, "Development Administration", either as a substitute for, or as a branch of, public administration. Whatever the virtues of the name in emphasizing the new dimensions which planned development has added to public administration, it provides little guidance for dealing more

effectively with the problems and inadequacies of public administration in low-income countries. For the fact is that the success of planned development depends on the capacity of the administrative structure to implement development plans, programs and projects in virtually every sphere of national activity. ^{1/} If, therefore, points within the public administration are to be selected for partial improvement where global reform appears unfeasible, the question is: which points are most suitable for the purpose? If partial improvements are to lay a basis for future global reform, they must conform to the requirements of sound principles of public administration as well as to those of planned development.

20. But this is not easy to achieve. There is usually a lack of communication between planners and public administration experts. Planners and public administration specialists are both keenly aware that ineffective administration seriously limits implementation of plans, but there is no meeting of minds about what should be done about it. The practitioners in each field tend to adopt parochial views about their own specialties.

21. Planners often do not grasp the importance of including as a part of their development plans a detailed and systematic set of measures for improving administrative procedures and building new institutional frameworks as necessary means for achieving plan targets. They often consider their obligations fulfilled when they list administrative shortcomings in their plans and advise their removal. Their approach is generally prescriptive rather than evaluative, and almost never goes to the point of describing

^{1/} ST/SG/AC.6/L.3

exactly how administrative shortcomings should be ameliorated or eliminated, and who should have the responsibility for the task.

22. Those in public administration also tend to go their own way. Few are development-minded or adequately informed about substantive problems of development. They sometimes think of public administration as a separate matter - something in and of itself. Reports by public administration experts, with their urgent recommendations for revising public administration from top to bottom, have an unspecific eloquence with which it is hard to find fault, but which often seems wide of requirements for development. ^{1/}

23. Clearly, new initiatives are required to bring planned development and public administration together. It is not a problem of exhorting one or the other group of practitioners to cooperate with the other; it is late, if not too late, for that after their respective periods of training are over. Rather, it seems essential that training programs in development planning include courses of instruction in public administration, and that training programs in public administration include courses of instruction in the substantive problems of development. There is also need to revise or replace principles of public administration made obsolete by the necessities of development. What may be good for developed nations, may not be applicable, at least without major adaptation, to less developed nations. General theoretical principles taught in universities must be supplemented, and tested, by case studies grounded on field experience in developing countries. This type of training will make it clear to planners and public administration

^{1/} Waterston, Albert. Development Planning: Lessons of Experience, pp. 283-4.

specialists alike that planning and administrative reform not only must be directed to the same ends, but must be carried on side by side in the continuous process that is planned development.

II. APPLICATIONS

The Planning Record

24. Experience shows that a great deal can be accomplished when partial structural-functional improvements in administrative procedures and organization are purposively fitted to requirements of planned development. The considerable potentialities of this approach have now become apparent after a series of visits which the writer recently made to about a dozen countries in Africa, Asia and Latin America in his capacity as Adviser for Planning Organization in the World Bank. Almost all the countries visited have been or are committed to planned development through the use of conventional, aggregative development plans with periods ranging from four to ten years. With few exceptions, the countries concerned have failed to achieve the targets in their development plans. Indeed in several of the countries, development plans have been abandoned before their period has terminated because they were deemed to be beyond hope of fulfillment.

25. Studies completed in the World Bank have revealed that many, if not most, low-income countries in early stages of development are unable to plan their overall development with reasonable accuracy for periods of much more than a year. The same studies have also provided evidence that growth and development are not so much dependent on elegantly-integrated, aggregative plans as they are on the ability of governments to prepare and execute soundly-conceived projects in the public sector, control the allocations and expenditures of financial resources for these projects with reasonable efficiency through the budgets, and allow reasonable economic incentives to operate so as to stimulate investment in the private sector.

26. But in most low-income countries, there are serious deficiencies in one or more of these areas. Because of this, there is almost always a wide gap between what is called for, on the one hand, in medium-term, aggregative plans prepared by a central planning agency and, on the other hand, what goes on in operating ministries, departments and agencies, and in the budget office.

A Pragmatic Planning Approach

27. To bridge the gap which frequently exists between medium-term, aggregative plans, on the one hand, and projects, budgeting and economic policy, on the other hand, the writer advised governments in the countries he visited, to adopt a pragmatic approach to planning which comprises two main elements:

- a. Annual, aggregative planning tied to budgets, which focuses attention of decision-makers on what needs to be done immediately for development of the public and private sectors; and
- b. multiannual programming of strategic sectors of the economy which focuses attention on basic long-term policies and the systematic accumulation of a shelf of bankable projects for each sector.

28. It would be going too far afield, to present the rationale for this approach to planned development. Suffice it to say, that it requires, firstly, a reorientation of planning procedures and organization in existing central planning agencies; secondly, the institution of a systematic and close relationship between plans and budgets; and

thirdly, the establishment of machinery for sector programming and project preparation in operating ministries, departments and agencies.

29. Since the planning system outlined above represents a considerable departure from the conventional one, the ideal approach would have been to overhaul all major administrative procedures and the organizational structure to conform to the new system. But given the circumstances in the countries visited, the chances of achieving major administrative changes were considered small, despite the willingness of most governments concerned to adopt the new system.

30. A more modest approach was therefore adopted which was more in line with the political realities and power relationships within the governments concerned, as well as within what was believed to be the limits of administrative capacity. In fact, taking a leaf from medicine, where conservative practice dictates the administration of only the minimum dose of a drug required to produce a cure, the writer chose to eschew the temptation to propose more than minimal changes in administration required to insure reasonably effective operation of the new planning system. Consensus of those who would be most involved in carrying out the reforms was considered of much greater importance than maintenance of the purity of a principle, except for the very few principles with which compromise was impossible without jeopardizing the entire planning system.

Re-Organizing the Central Planning Agency

31. The setting up of an appropriate organizational form within central planning agencies to permit it to prepare the annual plans

which constituted one of the two important elements in the new planning system, as outlined in paragraph 27, proved to be a relatively simple task. Without exception, each central planning agency had an overall shortage of well-trained and experienced planning technicians. The shortage was often exacerbated by the way in which the technicians were distributed in the various units set up by the agency's organization chart. As a general matter, these organization charts followed a familiar arrangement of units along functional and sectoral lines. Some units were well-staffed or even over-staffed; most were not. In some units, only low-level jobs had been filled and existing personnel were inadequately supervised; in others, only a head constituted the entire staff and, because of the lack of assistants, he had to do clerical as well as analytical work. Thus, over-staffing and under-staffing of units existed side by side although, taken as a whole, central planning agencies almost always had fewer planners than they needed.

32. To make the most effective use of the available staff for annual planning, a two-pronged approach was adopted. Firstly, wherever possible, central planning agencies were advised to contract out or otherwise farm out planning tasks, especially long-term studies, which could be done elsewhere. For example, in Ghana, it was found possible to have the Economics Department of the University of Ghana conduct some manpower, economic criteria and other studies for the Ministry of Economic Affairs. In other countries, possibilities existed for farming out work on national income to the central bank or to research organizations.

33. Secondly, central planning organizations were advised to employ a technique for deploying their manpower which has been used with excellent results in other countries which were short of planning technicians. In these countries, it has been found convenient to set up a small number of task forces, each with a work program arranged according to priorities. While each country has its peculiar requirements, it was generally found useful to recommend the establishment of three task forces which would be concerned with the following problems:

a. Resources

Real resources (e.g., manpower, natural resources); finance (fiscal matters, savings, investment, credit, foreign exchange, balance of payments, foreign aid and assistance, debt, etc.).

b. Co-ordination

Co-ordination of sectoral programs, regional planning, preparation and revision of national plans, co-ordinating annual plans with budgets, etc.

c. Implementation

Progress reporting; recommending credit, monetary, fiscal and other economic policies required to implement plans in agriculture and industry, etc.; setting criteria and standards for project implementation; organizational, administrative and procedural measures for the public and private sectors; technical assistance co-ordination; etc.

34. It was recommended that available staff be assigned to each task force in accordance with their respective functions and work load. From time to time, as required, the work loads and task forces would be reviewed and revised and staff reassigned to meet the new circumstances. By shifting planners from one task force to another, planning technicians would receive training in a broad range of subjects which would add to their knowledge and make them valuable in more than one planning specialty. Each task force would be headed by the best available person for the job in the central planning agency. Foreign advisers would be assigned to the heads of each task force. The heads of the task forces would constitute the membership of an Internal Co-ordinating Committee chaired by the head of the central planning agency. They would meet regularly or as required to co-ordinate task force activities and to review work programs, staff assignments, and so forth. The task force approach was suggested not only because it mobilizes available personnel for more concentrated effort on priority tasks than is possible when the staff is dispersed in small groups over a large number of organizational units; it also has the virtue of maintaining the flexible administrative arrangements essential to the changing environment characteristic of developing countries.

The Relation Between Plans and Budgets

35. Unless the budget reflects the corresponding items in an annual plan, the probabilities are that the public sector portion of the plan will not be implemented. To insure the close relationships between plan and budget which is essential for effective plan implementation, requires a budget classification system and budgetary

procedures which permit easy translation of the plan into budgetary terms, as well as budgetary expenditure controls which allow timely and accurate preparation of quarterly, semi-annual and annual reports of plan progress.

36. But in many less developed countries classification systems in budgets make it difficult to relate projects and programs in annual plans with budgetary allocations. Good planning also requires that recurrent expenditures, e.g., for training personnel, be related to, and phased with, capital outlays for construction of a project so that all parts of a development project move forward at appropriate speeds. In addition, it is useful in planning to be able to extract from the recurrent side of a budget development items which, when added to capital items for development, constitute a comprehensive statement of budgetary outlays for development. But in many countries it is impossible to do these things.

37. Another impediment to effective planning relates to the way in which development and recurrent budgetary estimates are prepared in many countries. The development estimates are generally prepared in the central planning agency, while the recurrent estimates are prepared in the ministry of finance. There is often an inadequate system for insuring regular and early communication between the central planning office and the ministry of finance while each is preparing its estimates, with the result that neither may be aware of the details of the estimates the other is preparing until after they have been completed. In one Asian country, capital estimates are prepared after the recurrent

estimates. These procedures not only do not allow proper phasing of capital estimates and recurrent estimates for development; they make it difficult to measure the impact of current investment outlays on future recurrent expenditures. This is a serious shortcoming, since capital expenditures almost always increase future recurrent expenditures. Unless this is borne in mind, the rise in the recurrent budget can greatly reduce the surplus on current account available for development. A final shortcoming of the system employed in many countries, is that operating ministries are required to make two budgetary presentations, one for capital estimates to the central planning agency, the other for recurrent estimates to the ministry of finance.

38. Although serious, the problems outlined can be resolved with relatively simple administrative changes. To obtain a classification system which permits development expenditures, whether on recurrent or capital account, to be identified in budgets by projects and programs requires only a functional-economic cross-classification system. The preparation of such a classification system involves some problems, but they are surmountable if a committee composed of representatives of a country's central planning agency, the ministry of finance and other interested bodies (e.g., representatives of autonomous public agencies) is set up with appropriate technical assistance to iron out problems.

39. Ideally, the unity of the budget should not be endangered, as it is in practice in many countries, with one agency preparing capital and another preparing recurrent estimates. But a delicate problem confronts anyone who advises that the two parts of the budget

be prepared by one agency when two are engaged in the task. The adviser who recommends this may have principle on his side, but he is unlikely to convince one agency to relinquish its prerogatives to the other. Given the political and administrative realities in many countries, another course generally has to be found for accomplishing the same result.

40. Fortunately, a simpler and proven method already exists, and the countries visited were advised to adopt it, where there were dual budgets. In Nigeria, and in some other countries, it has been found possible to deal effectively with the problems raised by dual budgets through a Budgetary Coordinating Committee. Top officials representing the budget office and the central planning agency act as permanent members of the Committee, and a high official of each operating ministry, department or agency presenting budgetary proposals, acts as a temporary member when his organization presents proposals for inclusion in the budget. Each operating organization presents its capital and recurrent estimates simultaneously. The estimates are considered and discussed by the Committee, which reconciles development and recurrent estimates and brings total budget estimates into line with available financial resources. The procedure outlined not only permits realistic estimates to be made of the impact of capital outlays on recurrent expenditures, but also reduces from two to one the number of budgetary presentations which operating organizations have to make.

Programming Units in Operating Organizations

41. There is general agreement that a central planning agency prepares overall plans and that operating ministries, departments and agencies prepare sector (or subsector) programs and projects in their respective fields of interest. Sometimes, central planning agencies take over project and sector program preparation as a temporary expedient when operating ministries, departments and agencies are unable to carry out these tasks as efficiently or as quickly as planners wish. Experience shows that when a planning agency takes over work which properly belongs to operating organizations, friction almost invariably develops. Moreover, what starts as a temporary expedient, often ends up in a long-term arrangement which is hard to change. When this happens, many operating organizations are virtually outside the sphere of planning, with pernicious results for planned development.

42. Under the proposed pragmatic system of planning advocated by the writer, central planning agencies were expected to prepare annual development plans, a task which involves a considerable amount of work in a variety of fields, and follow-up on plan implementation. It was therefore recommended that the central planning agencies not attempt to prepare sector programs and projects. These tasks are properly those of operating organizations, and it is they which must learn to carry them out effectively if a country is to make the most of its manpower for development.

43. But experience has shown that most ministries, departments and agencies do not know how to prepare soundly-conceived projects and

programs, carry them out according to a well-devised cost and time schedule, and operate (or maintain) them efficiently after completion. Experience has also demonstrated that the most effective way of getting personnel in operating ministries, departments and agencies to perform these tasks properly is to establish programming units in these organizations. The governments visited were accordingly advised to create such units, at least in the most important operating organizations or, where such units had been established, to make them more effective than they were.

44. Since programming units would constitute a vital link in tying projects and sector programs to annual plans and budgets, and in addition, would constitute a relatively new administrative concept for many of the countries visited, much time was spent explaining its nature, form, functions and procedures. The programming unit was described as the virtual equivalent for its organization of a central planning agency for a national government. Its functions were defined to include (a) the setting of standards and criteria for operating departments or other units to follow in preparing and carrying out projects; (b) the formulation of the overall development program and the recurrent budget for its organization, on the basis of directives from the organization's head; (c) the preparation of alternative development policies for the consideration of the organization's head, after consultation with the various operating heads of departments or other units; (d) the setting of standards for operating departments and units to follow in reporting on the progress of projects and, on the basis of

reports from operating units, the preparation of regular, timely and reasonably complete reports and evaluations of its organization's overall program; (e) the coordination of the technical assistance program for its organization; and (f) liaison for its organization with the central planning agency.

45. In order to institutionalize liaison between programming units and the central planning agency, it was recommended that an Inter-Ministry Planning Committee be created with the heads of all programming units as members and a high official of the central planning agency as chairman. It was suggested that a representative of the budget office be included as a member to assure that that office was kept informed of the Committee's activities. The functions of the Committee were defined to include the formulation of uniform criteria and standards for preparing projects, sector programs and plans, and for reporting on their progress in consistent form.

46. Experience has shown that programming units, to be successful, had to be located administratively at a high level. In the British-type government administration, this meant that the programming unit ought to be located immediately under the permanent secretary. In the French-type government administration, it meant that the programming unit ought to be placed immediately below the highest permanent official in an organization. Indeed, if these officials were not as busy as they were with day-to-day tasks, they would have been the logical heads of the programming units in their organizations. But given the prevailing circumstances in the governments of the countries visited, it seemed

more practical to suggest that the head of each programming unit be the second in rank in each operating organization.

47. It was considered desirable that the head of each programming unit outrank the operating heads of units within each organization because experience has shown that officials do not easily yield their prerogatives to other officials of the same or lower rank. In the countries visited which had established programming units, almost all were ineffectual because, in part, they had been placed at too low a level in their organizations; in part, because they had been assigned duties extraneous to programming; and in part, because there was little understanding of the special staffing requirements of programming units.

48. Thus, no special efforts had been made to find suitably trained or experienced persons for the programming units. It was not understood that programming in an operating ministry, like planning in a central planning agency, is a highly specialized field which generally requires technicians like engineers, agronomists, etc., who have mastered enough economics and accounting to make cost-benefit analyses for projects and to evaluate projects economically for the purpose of combining them into sound sector and subsector programs on the basis of general economic and other criteria. Of course, even less thought had been given to staffing requirements for programming units in countries which had none.

49. In dealing with staffing requirements, the writer advised that persons assigned to programming units receive special training in sector programming and project preparation; and that since they would

then constitute a scarce resource, they should then be allowed to remain for long periods in programming units or, interchangeably, in the central planning agency or the budget office. At the same time, it was recognized that it would be desirable to have regular civil servants rotate in and out of programming units, to bring to these units their varied experience and to diffuse planning and programming "know-how" throughout the public service when they transferred to other operating posts after a period of service in programming units, the central planning agency or the budget office.

50. To meet these apparently conflicting requirements, it was recommended that a new Planning (or Economic) Service, with ranks and perquisites equal to those of the regular civil service, be created. Qualified personnel transferred from technical or administrative services, or individuals entering the Planning Service from outside, would constitute the hard core of the staffs in programming units, the central planning agency and the budget office. Members of the Planning Service would be posted to a position in any of these three areas for long periods. They would be transferred "laterally", from one programming unit to another, or to and from the central planning agency and the budget office. Regular civil servants could then move in and out of programming units, the central planning agency and the budget office, from or to "non-planning", "non-programming" or "non-budgeting" posts in the usual way. In this way, the Planning Service and the regular civil service could together provide the continuity required in programming units, the central planning agency and the budget office without sacrificing the time-proven flexibility in the prevailing civil service system.

51. Since experience throughout the world had demonstrated that the establishment of viable programming units required specialized outside technical assistance which could concentrate on the task of creating the programming units, setting up appropriate procedures, and training staffs for the units, it was recommended that steps be taken to obtain suitable technical assistance for this purpose.

Implementation of the Recommendations

52. Most of the countries concerned were visited in 1966. It would therefore be premature in January 1967, when this is being written, to expect definitive results. However, the steps taken to implement recommendations have been encouraging. In some countries, only a few recommendations are being implemented, but in more than half of the countries visited, implementation of recommendations has meant that important changes in past administrative organization and procedures have been introduced.

53. Many are adopting the system of annual comprehensive planning-cum-multiannual sectoral programming which was recommended (although some combine this with medium-term aggregative plans). In Thailand and Colombia, task forces were set up in central planning agencies to deploy personnel efficiently for planning; in Ceylon, Malaysia and Ghana, budgetary coordinating committees will consider recurrent and capital estimates simultaneously; in Ceylon, Ethiopia, Ghana, the Ivory Coast, Malaysia and Thailand, steps are being taken to establish programming units in operating organizations; and in Ceylon and Ghana plans are being made to set up a special Planning Service

alongside the regular civil service administrations. One major difficulty has been encountered: an unusual scarcity of foreign technical assistance for sectoral programming and project preparation. Consideration is now being given to dealing with this problem, but it is apparent that until a solution can be found, viable programming units cannot be widely established soon in low-income countries. But taken as a whole, it seems fair to say that the outlook for carefully-considered partial administrative betterment, when tied to planned development innovations, is good.

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A PRAGMATIC APPROACH TO PLANNING

Albert Waterston

[The detailed comprehensive medium-term plan, formerly postulated as the key element in national development planning, has in practice proven ineffective in many countries. A leading expert proposes a new approach for these countries based on the lessons of experience.]

The development planning record in the postwar years shows a general downward trend in the duration of the planning period in most developing countries. This is as true in Asia and Latin America as it is in Africa. The main reason is that most developing countries have not been able to plan comprehensively with reasonable accuracy for more than three years. Indeed, many countries faced with the prospect of uncertainties or rapid change consider that they cannot effectively plan ahead for more than a year or two.

Countries with long planning experience, when faced with the prospect of rapid or unpredictable change or unusual uncertainties which make multiannual planning unreliable, often resort to annual planning. For example, until recently, Yugoslavia made use of one-year plans and India now has one, because their governments decided that for a time, conditions did not permit comprehensive planning for a longer period.

The Case for Annual Comprehensive Plans with Multiannual Sector Programs

Annual comprehensive plans, by themselves, have limited value for influencing changes in an economy

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because they lack perspective and not much can be done in one year to bring about basic changes. But when combined with sectoral programs of ten years or more, such plans provide the maneuverability and perspective needed for directing overall changes in an economy. Further, by what has come to be known as "feedback," annual plans provide useful data for updating sectoral programs from time to time. Simple aggregative, multiannual guidelines for such variables as exports, imports, and investments can be prepared in a few weeks. When conditions stabilize, or information about the future becomes more reliable, or expertise in planning improves, the establishment of more comprehensive multiannual guidelines, both in the form of medium-term and longer-term perspective plans, becomes possible. But until then, there is much to be said for annual planning cum sectoral programing.

A prime purpose of sector programing is the identification of potentially viable projects based on a coherent set of development policies. Since the preparation of soundly conceived projects after they have been identified often takes much longer than the preparation of the most elegantly integrated, comprehensive, medium-term plan, it is important to start sectoral programing and feasibility studies for projects as soon as possible—frequently before the overall plan. Otherwise, it may be impossible to implement the plan. Thus, paradoxically, plan implementation often precedes plan formulation.

In the absence of programs for at least the critical or strategic sectors or branches of an economy, a multiannual, comprehensive plan (whether for two years or ten) is likely to be less reliable than one for a year. Even when sectoral programs and multiannual plans exist, annual plans are needed to make the multiannual plan operable. Planners know this. But it is so difficult and time-consuming to prepare a multiannual plan that they rarely get around to preparing annual plans. This is another reason it is sometimes difficult if not impossible to implement a multiannual plan, even if a government wants to do so. One important reason that the budget, rather than the multiannual plan, is often the real planning document, is precisely that the budget is concerned with what is to be done immediately, not with actions to be taken over a number of years to attain distant goals.

Another virtue of an annual plan is that it necessarily focuses attention on the specific programs, economic policies and strategies, fiscal measures, and administrative reforms which must be adopted immediately if the plan is to be carried out, thereby reducing the penchant of decision-makers to postpone difficult decisions.

An annual plan is less likely than a multiannual one to set overly ambitious targets because it is based on proximate estimates of

resources available rather than on estimates made unreliable by a longer time span. In addition, it is less complex than a multiannual plan, and more concrete about what is to be done immediately. Therefore, it can be better for mobilizing and renewing a nation's interest in development, and for obtaining financing for specific projects and programs on the basis of current national action to eliminate bottlenecks and other impediments to development.

Annual Plans

A comprehensive annual development plan usually starts with a review of the economic progress made in the previous year and the bottlenecks and other problems encountered. It estimates the total resources available in physical terms (e.g., natural resources, manpower, productive capacities, etc.) as well as in financial terms in domestic currency and foreign exchange (e.g., public and private savings, export earnings, domestic and foreign loans, grants, etc.)

On this basis, the plan sets investment, growth, and other targets for the year. It includes estimated development expenditures for the year, on recurrent as well as capital account, for state enterprises or agencies outside the budget, as well as for ministries and agencies included in the budget. If sectoral and branch programs exist, these data will be obtainable from them. The annual plan also includes estimated development outlays of regional and local governments as well as of the central government. This makes it the only document with a complete account of the financial impact of the public sector's development effort. It also presents a coordinated technical assistance program for carrying out the investment and other programs included in the plan for the public sector.

In addition, the plan includes an estimate of foreseeable private investment and the expected role of the private sector in achieving plan targets. It embodies a foreign exchange budget or projection of foreign exchange allocations for the public and private sectors. Finally, and this is very important, it details specifically and at length the monetary, fiscal, credit, and other financial policy instruments as well as the organizational and administrative measures and strategies which have been or will be adopted to mobilize development resources and achieve the plan targets in the private and public sectors. This account should indicate precisely what is being done to stimulate private investment in industry and agriculture along appropriate lines and the measures adopted to ensure that the budget reflects the plan.

The Role of the Budget

The last point is of overriding importance. Unless the budget reflects the corresponding items in the annual plan, the probabilities

are that the public sector portion of the plan will not be implemented. To ensure this close relationship requires a budget classification system and budgetary procedures which permit easy translation of the plan into budgetary terms, as well as budgetary expenditure controls which allow timely and accurate preparation of quarterly, semi-annual and annual reports of plan progress.

Development outlays involve expenditures on recurrent as well as on capital account. Indeed, certain outlays on recurrent account, e.g., for training skilled staff and managers for a project under construction, may be crucial for the ultimate success of the project. Good planning requires that training expenditures be phased with capital outlays for construction so that trained personnel are ready to take over when a project is completed. This requires that allocations and expenditures for training be related in the budget to the capital expenditures for each project for the purpose of adequate control, reporting, and evaluation of progress. It is also useful for planning and financing of development to obtain a comprehensive statement of the budget's effect on development.

Sectoral Programs and Projects

The preparation of multiannual programs should be limited at first to the most important economic and social sectors or subsectors. In most countries these are agriculture, industry, mining, power, transportation, education, and health. The program is essentially a framework for balancing and integrating the foreseeable demand in the sector with potential supply. It includes a statement of the basic policies and strategies to be followed in developing the sector or subsector, the organizational and administrative requirements for carrying out the program, as well as a schedule of projects to be completed in accordance with a fixed set of priorities.

Usually, however, what is called a sector program is nothing more than a diverse, often incongruous, collection of projects. In contrast, a good program involves an overall look at the sector. On the basis of clearly defined national objectives for a sector (e.g., the diversification of agriculture, the production of commodities for import substitution or for export, self-sufficiency in certain economic branches, etc.), a survey is made of all the factors which help determine a rational approach toward meeting the objectives laid down for the sector. For electric power, for example, given estimated demand, alternative sources of energy would have to be considered, including the optimal relationships between hydro and thermal power, the needs for transmission and distribution systems, the sequence to be followed in building up regional and national grids, etc. For transport, a good sector study generally involves a consideration of all forms of transport including highways, railways, waterways, and airways. If only

one branch of a sector is involved, e.g., highways, consideration should be given to the needs of other sectors. It would be important, for instance, to ascertain the requirements of agriculture to assure a proper proportion of farm-to-market roads as against trunk lines.

Since some surveys would already have been made in certain sectors or branches of the economy, and some potentially viable projects identified, if not started, the preparation of a sector or branch program would begin with an inventory of all existing studies, surveys, and research which could cast light on the sector or branch. New information to provide as complete a view as possible would then be obtained. Where additional surveys or studies are required (e.g., cadastral surveys for agriculture, manpower studies for education), provision would be made for them in the sector program. If projects are uncovered which promise high yields for investment outlays, provision must be made with as little delay as possible for beginning feasibility, technical or other preinvestment or investment studies to make them "ready to go" as soon as possible. Experience shows that it is possible to prepare most sectoral or branch programs in nine to eighteen months, depending on the data already available.

An important end result of a sectoral program is the identification of a list of potentially viable projects as "building blocks," for which feasibility studies can be made according to a program phased to acquire a "shelf" or stock of projects which can be drawn upon as circumstances permit without undue delays. This allows a government to start negotiating for external financing for a project long enough in advance to assure construction according to a schedule predetermined in a plan. Where a shelf of studied projects exists, choices among alternatives can be made quickly. Where such alternatives are not available, the choice is often limited to one or two projects in a sector. In such cases, governments have been known to start projects, whatever the likely relationship between costs and benefits, because it is a question of proceeding with the one or two projects available or doing nothing in the sector for a while.

The establishment of appropriate development policies for agriculture is usually more important than the creation of a stock of public investment projects. This is because the right policies can result in farmers providing most of the investment in the sector, with public investment taking care of residual requirements. A good set of agricultural policies would include incentives for increasing annual crops in accordance with development objectives; the establishment of appropriate publicly supported programs for desirable tree or similar crops where long gestation periods make it difficult or impossible for most farmers to carry them out without financial assistance; provision for the elimination of marketing and other obstacles which

interfere with the efficient flow of agricultural commodities from producers to consumers or the effective application of economic incentives for producers.

Sector programming is a calculated way of looking ahead to ensure orderly development of an economic sector or branch. The period of a sector program may vary according to the circumstances or the stage of a country's development. For industry, electric power or transport, the sector program may extend for ten years, but it may be much longer than that for agriculture or education. It is easier to plan for longer periods for an economic sector or branch than for an entire economy because problems of consistency are technically much less difficult.

Within each longer-term sector program, it is possible to formulate a so-called "rolling program" of, say, three years. At the end of each year, another year would be added so as to retain the three-year period as the program "rolled forward" in time. Such a rolling method can spell out in greater detail the program of action for the sector, with priorities, proposed financing, etc. It is not only useful in the preparation of budgets and overall plans, but also in seeking financing for the sectoral program. International financial agencies, as well as bilateral lenders, often prefer being presented with a series of projects, spread over a period of years, which makes it possible to foresee financing requirements in the sector. The three-year program can become even more valuable if it is stated in terms of minimal and maximal alternatives, depending on the availability of domestic and foreign financing, or on other contingencies.

There is, of course, need to relate sector programs with one another, e. g., roads with agriculture. This need not be done by the detailed calculations usually required to make a comprehensive plan consistent. It can often be secured by juxtaposing the sector programs involved and eliminating inconsistencies. But in the kind of planning discussed here, a more detailed correlation of the sector plans is eventually made year by year in the preparation of the annual development plan.

[Excerpted from A Practical Program of Planning for Ghana. (Report of the International Bank for Reconstruction and Development to the Government of Ghana.) Accra-Tema (Ghana): State Publishing Corporation (Printing Division), 1967, SPC/A10738/400/5-67, pp. 2-7.]



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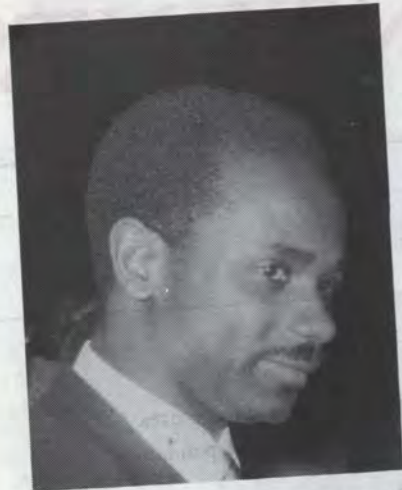
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Africa: Who are you and where are you going?



Hardly have you shaken off the chains which held you back while the rest of the world moved forward: now you find yourself dragged along in the turbulence of constant change. Africa, what is your real position and your influence in world affairs?

Of the 144 member states of the United Nations, 46 are now African. More than six hundred languages are spoken on the African continent, yet who knows the full variety of cultures and social structures in this vast land mass? Can a single identity be carved out of this constantly changing kaleidoscope of peoples and traditions? Can an African awareness emerge as a source of common inspiration, a springboard carrying forward this continent in all its diversity? Can a truly African identity be preserved, the traditions and values of its peoples be respected, despite the constantly growing interchange with other areas of the world?

One of the main sources of raw materials, Africa is in a leading position in the exports of copper, chrome, cobalt, manganese, gold and diamonds. But its share in world trade in value terms is not more than 5 per cent. The richness of the African subsoil is the envy of the outside world. But is Africa fully aware of the richness and the strength of other continents? Do the Africans themselves grasp the significance of power and economic strength?

Today, the least populated continent on the globe with the lowest per capita income, Africa has the highest birth rate. Its population has doubled in 35 years and 50 per cent of its inhabitants are under 15 years of age, with 60 per cent under twenty. Is it fully realised what this means in terms of feeding, caring for and educating fully

one half of the population which is presently non-productive?

These key questions face every African in a position of responsibility. Without a full understanding of the fundamental problems of the peoples and the States of Africa there can be no solutions. The first essential is reliable information, presented in a straightforward manner and relevant of the main events in Africa, both regional and international. It must be clear, precise and respond to real needs in the present day economic, social and political context.

This is the intention of **Africa International Perspective (API)**, a newcomer on the African press scene.

The aim is provide Africans and others in managerial positions in administrative, social, economic, cultural and technical fields with a working document and a reliable source of reference. The editors have set themselves two main tasks: to inform Africans on what is really going on in Africa and to provide them with a window on the world, highlighting international trade and exchanges, the experiences of other young societies and important events abroad which have direct or indirect repercussions on Africa.

The objective, first and foremost, is the selection and presentation of significant trends on the international scene, enabling African cadres to see their own work in a broader perspective and to orient their political, economic and socio-cultural activities with a greater awareness of the basic issues. AIP is concerned with the future of the African continent—a future of ever growing international interdependence.

It is the hope—and our efforts will be geared to this—that this new periodical will become an instrument of cooperation at all levels, national, regional and international. Accordingly, the columns of AIP will be open to all those who have something of value to contribute as well as those whose stature is a reflection of African values, an image of the Africa we need to project abroad. AIP must become a link between Africans themselves and between Africans and the rest of the world.

To meet this objective AIP will be published simultaneously but separately in English and French.

We hope that this new publication will stimulate your interest and look forward to receiving comments, suggestions and contributions. Direct contact with our readers will provide us with encouragement and guide us in our efforts to serve your needs in the future.

Dr. Issa Ben Yacine Diallo ■

Regional planning: from its past to its future

Since regional planning in most countries has been for economically backward areas, with special problems and shortages of financial and human resources, most regional planning has been conducted by central agencies...

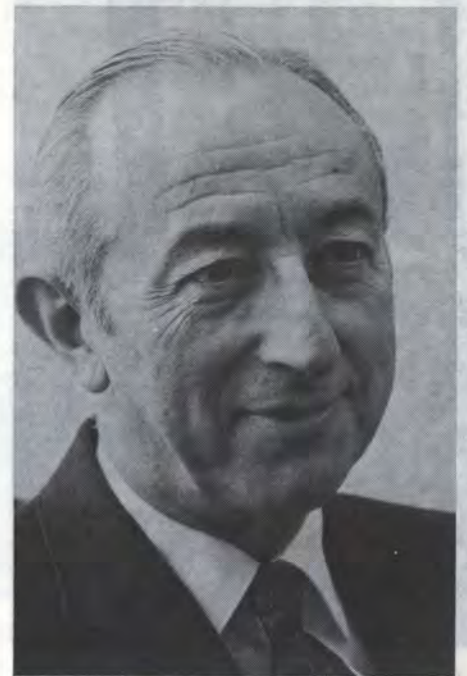
...or by special authorities created by national Governments. Frequently, regional plans have been prepared outside the regions, usually in the national capital, with little participation by people in the regions. Many plans have consequently failed to reflect regional conditions and needs. Not surprisingly, people in the regions have shown little interest in helping implement these plans.

The time is rapidly passing when outsiders will be able to plan for regions as they have in the past. Indeed, it is becoming apparent in many countries that people at regional and local levels are increasingly insisting on having a voice in planning for their areas; that planning must be "from the bottom up", in practice as it is in theory, as well as "from the top down", to which it is too often limited in practice, if it is to meet social needs in the regions and localities; and that accurate definition of what are the social needs can only be provided by the people at regional and local levels. This means, among other things, that the idea that planners can, or think they must, plan for people must give way to the idea that they must plan with people.

Regional plans formulated in a national capital on the basis of the general or average situation in a country's regions, e.g., with the same projects, work patterns or allocations of funds for each region or sub-region, are therefore bound to prove unsuitable or inapplicable in varying degrees for particular areas. This approach to regional planning, aside from errors of commission, may also lead to serious errors of omission. For example, when it was used in India, no project or other provision for dealing with the 35,000 waterlogged acres in one state was included in the plan for that state's agriculture.

An official of the World Bank for more than 20 years, Albert Waterston who teaches at the Economic Development Institute of the American University, Washington D.C., is an outstanding specialist in the fields of development planning. He is author of: "Development Planning: Lessons of Experience" (The Johns Hopkins Press, Baltimore). He has also published three works related to these problems: "Planning in Morocco"; "Planning in Yugoslavia"; "Planning in Pakistan".

by Prof. Albert Waterston*

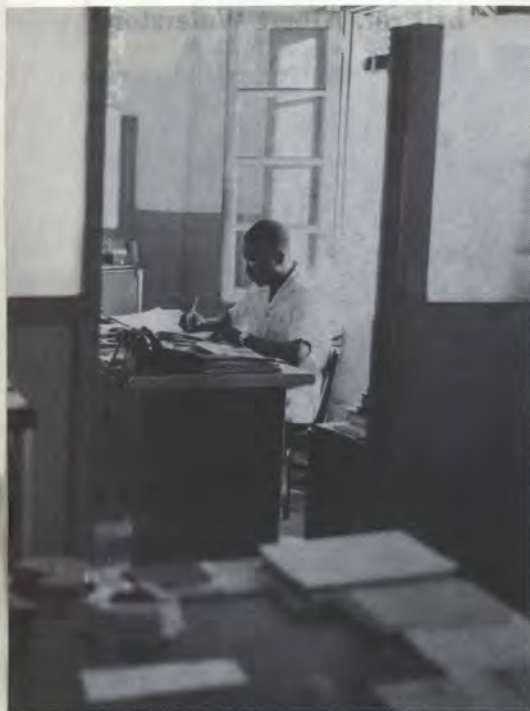


To be effective, a regional plan must have a high degree of specificity to take account of the basic variations in conditions among regions and localities. This cannot be achieved merely by disaggregating national output or input targets regionally without determining for each region and locality the particular conditions which farmers and businessmen face and their capacities to utilize inputs (e.g., cultivators' ability to utilize improved seed and fertilizer) and increase production. Where planning for regions and subregions has been primarily based on the disaggregation of national targets, great discrepancies between expectations and achievements have often arisen.

Experience shows that the best way of dovetailing national output and input targets with regional and local capacities is to derive the national targets mainly by aggregating plans originally framed regionally and locally rather than disaggregating plans and estimates framed at the national level. Only when each region and, where appropriate, each subregion, has a carefully prepared plan which includes input and output targets designed to take adequate account of available physical resources (with their limitations), and human resources (with their dispositions and motivations in each region and locality); and where these plans become the basis for

framing the national plan, can it be said that the national plan has been formulated realistically. This is especially true for agriculture.

Of course, a national plan must be more than a summation of local and regional plans. If a local or regional plan is prepared without the general framework provided by a national plan, it may be inconsistent with national development objectives. Planning must therefore be seen as a two-way process in which national objectives, strategies and policies, as well as the co-ordination of regional and local plans with national input and output targets, is determined at the national level; while the extent and manner of the development effort in each region or locality is determined in the area concerned. Thus, while estimates of input and output possibilities for the nation must be a totality of the estimates in each region or locality, the estimate of what should be attempted in each region or locality should be made in relation to national objectives and directives. It is only by such a process of mutual interaction that a national plan can be formulated which is sufficiently detailed to meet the requirements of each region, sub-region, and if need be, each village.



An end to paternalist planning, the ivory tower decisions of isolated executives.

Problems posed by the regional approach

But more regional planning will raise serious technical, political, social, administrative and financial problems.

It is apparent, therefore, that a region may be defined in different ways. Its boundaries may be determined (1) geographically, e.g., a valley or river basin, (2) demographically, — an area inhabited by a specific population group, e.g., a tribe, (3) administratively, i.e., one or more political subdivisions of a nation, (4) functionally, e.g., an area in which it is considered that desired goals can best be achieved, and (5) geo-functionally, e.g., an area within the sphere of influence of a particular urban center. Since regions defined in any one of these ways may sometimes have uncertain boundaries, it may not always be clear where a region begins or ends. While the limits of a region are frequently determined in practice by political boundaries, the ideal region for plan-

ning purposes is one which is either homogeneous with regard to one or more important features, or one which incorporates areas which are interdependent in one or more substantial ways.

Definition of Needs

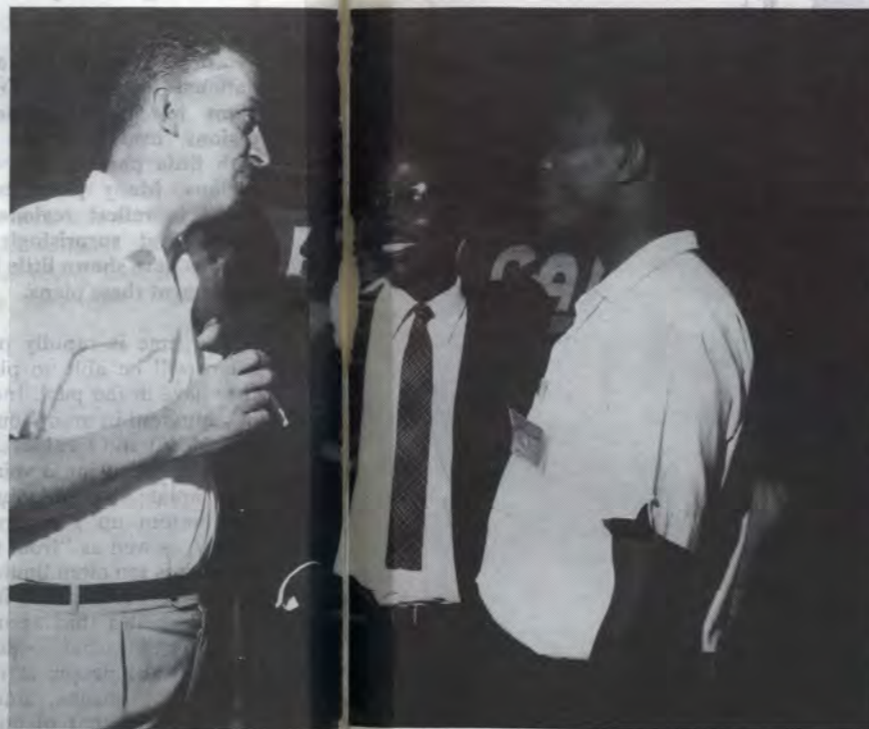
A second problem which arises in an approach to regional planned development oriented toward planning with rather than for people, involves definition of the basic social and economic problems to be resolved. Everything depends on who does the defining of the problems and the setting of their priorities.

If regional and local planning is to become an effective development tool, steps must be taken as quickly as possible to set up suitable systems for the collection of data (a) on a continuing basis (b) for clearly defined regional and local areas, (c) which employ uniform units of measurement to allow intra- and inter-regional combination and comparison of the data. To set up a suitable data-collection system for regional planning purposes requires considerable discussion by statisticians and planners of the country, as well as the areas for which data are to be collected about the types of data required for planning and other purposes and the form in which the data should be collected.

Consideration should be given to the preparation of a multi-annual statistical collection plan, including a system of financing its implementation, which sets forth the types of data to be collected and the priorities to be given to each. Since the task of carrying out such a plan is likely to be beyond the capacity of existing central statistical organizations in most poor countries, consideration needs to be given to their reorganization and expansion, as well as to the possibility of dividing the task between them and regional statistical organizations in a manner which would promote the most efficient use of scarce manpower and statistical equipment. The work of central and regional data-collecting agencies must be co-ordinated to avoid duplication, gaps in data collection, or the use of non-comparable units of measurement, and in addition, to promote co-operation between statistical and non-statistical agencies in the public and private sectors which collect social and economic data.

Co-ordination

The need for co-ordination goes beyond the realm of statistics and constitutes a fourth problem in countries which seek to expand their regional and local planning effort. Regional planning requires coordination to insure encouragement of regional specialization based on comparative advantage, as well as regional co-operation in realizing national objectives. Without proper co-ordination, regions tend to give



priority to regional instead of national goals. Co-ordination is also required because there is always a danger that competing regional claims may get out of hand and exceed available resources.

There is need, in addition, to establish communication bridges between national and regional planning bodies which provide channels required for information to flow "from below" as well as "from above". These informational bridges provide the necessary feedback for formulating plans and, during the implementation stage, for making timely adjustments in the plan as required.

Many officials do not see the need to consult the population in a region or locality about their basic social and other needs. Officials at the national level frequently consider it sufficient to talk to officials at regional or local levels. But if regional or local officials see the problems differently than the people do, regional and local plans are likely to be formulated to solve problems which the officials rather than the people consider important. If planning is to be directed toward resolving basic social and economic problems as the people see them, it must involve participation of the people, not only to insure that definition of the problems and their prio-

rities conform to those of the people, but also to insure the population's active and willing support of the plans prepared to solve the problems. People's participation should be sought through their own leaders, wherever possible, and not through government officials who visit the area occasionally, or through officials stationed in the region or locality by remote governments.

The Lack of Regional Information

Planning at the national level has been seriously hampered in most developing

countries by the scarcity of reliable statistical and other information. Indeed, the lack of quantitatively and qualitatively adequate data on such basic series as the size and growth of national populations, production, investment, consumption and employment has frequently cast doubt on supply and demand projections, as well as parameters included in national planning models. The fact that regional and local statistics in most poor countries are generally much worse, where they exist, than national data, makes it especially difficult to plan effectively at regional and local levels in these countries. The lack of good land use, water resources, and manpower data constitute especially great handicaps.

The data gap therefore is a third problem confronting those who would expand regional and local planning. The magnitude of this problem and the fact that it will take much time to resolve should make it evident that regional and local planning may have to proceed at a lower level of technical sophistication than prevails at national levels and that, for the time being, advanced mathematical formulations of regional and local plans are likely to be impractical in most poor countries.

Regional Planning Organization

The need to establish suitable information systems for effective regional planning raises a fifth problem: What kind of institutions are needed to prepare and implement regional and local plans? There is in most developing countries a dearth of sub-national planning entities. This means that in most countries, suitable regional and subregional bodies must be devised and established if effective subnational planning is to take place. Some countries have planned for their regions through national planning agencies, but aside from the fact that this approach has not been very successful in most countries, it is less likely to be used in an era of increasing regional political awareness.

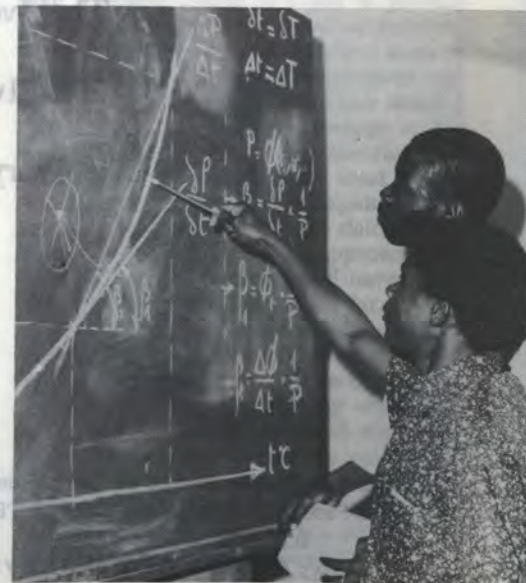
The institutional problem is a two-fold one of finding the right structure and the right mix between centralized and decentralized authority and decision-making. Unless appropriate institutions are set up with the right mix, there is danger that the most logically consistent regional plans will not be operationally feasible.

While every country will have to establish planning bodies suited to its own institutional arrangements and stage of development, it may be said that, in general, organizations at the local level should be sim-

pler in form than those at the intermediate subregional level, and that intermediate bodies need be less complex than those at the regional level. For example, at the village level, development planning committees may suffice, while at the intermediate level (e.g., a district), one or two planners in a small planning unit may be adequate. However, at the regional level, a regional authority, appropriately staffed with planning technicians, is likely to be essential for effective planned development.

While structural problems can be difficult, they are likely to be easier to resolve than questions relating to the degree of autonomy to be granted to regional planning units and the extent to which these units should be advisory or supervisory in carrying out regional plans.

The extent of a regional authority's effectiveness often depends on the financial resources put at its disposal. Equally important, is the way in which funds are allocated to it for implementing plans. The authority is likely to have the greatest independence in implementing plans if funds are allocated to it directly by the central government. The authority is likely to have somewhat less freedom of action if it has to rely on transfers of funds allocated to the various ministries, departments and agencies for projects and programs within its region for whose implementation it is responsible. The authority is likely to have the least independence if it must apply to the budget authority for funds every time it needs them for a project.



Another difficult area for regional planning: availability of qualified staff.

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Planning for the people, with the people.

The location of the headquarters of the regional authority is also significant. To carry out its functions effectively, the authority should be based in the region. Since it is usually more difficult to staff an authority located in a region than if it is located in the capital, there is a tendency for regional authorities to establish themselves in the capital. But this is a mistake, as experience has shown, because the authority's staff loses touch with regional problems, while the people in the region tend to view the authority as alien. In contrast, where the authority has been established in the region at the start, the population of the region tends to view the authority as its own, and the staff of the authority is in position to take prompt action on problems than if it were in the capital. Experience also indicates that regional authorities located in rural areas can be adequately staffed if regional development is made sufficiently challenging, and higher status, pay, living arrangements and wider opportunities for professional training are offered to technicians than are available to those in the capital.

The relationship between the regional authority and the local population and authorities may assume a variety of forms. Where regional organizations exist, and especially where these represent the people rather than the national government, the most suitable arrangement is to base the regional planning authority on the existing organizations. If this is done, there is greater likelihood than otherwise that regional and local plans will come close to representing prevailing views at regional and local levels. France has followed this approach.

In contrast, a central government may create a regional authority as an arm of the government in a region to be developed. With this approach, there is a greater possibility than in the first that there will be difficulties in communication between the authority and the people. Sudene in north-eastern Brazil is an example of an authority created by a central government as its representative in a region.

A third variety of regional authority includes representatives of both the central government and the regional businessmen's, farmers' and other groups. This pattern has the advantage of utilizing existing institutional arrangements to establish a communication link between local and central government representatives. Crete and Israel have adopted this approach.

Since the first and third approach seek to relate the regional and local authorities

directly, they are preferable to the second. But regardless of which approach is adopted, the regional authority must still take measures to insure adequate participation of the people in defining the basic economic and social problems to be resolved by the planning process. While every country will wish to create regional planning authorities in a form suitable to its needs, successful regional planning will depend on the degree to which regional plans are formulated and implemented with the participation of the people in the regions or subregions concerned.

Training Regional Planners

Since regional planning is still in its infancy in most developing countries, regional skills and expertise are in short supply. If regional planning is to expand to the extent required, means of training those needed for the purpose will have to be devised. This is no easy matter and constitutes a sixth problem for regional planning.

Because of the variety of skills demanded, training for regional development will have to be problem-oriented. This implies a multi- rather than a uni-disciplinary approach. While much has been written about the need for a comprehensive approach to development problems, little as yet has found its way into training mate-

rials and courses. The same is true about planning "from the bottom up".

Another training constraint has to do with the "labor-intensive" way in which planning, as a discipline, has been taught. Teachers in the field are generally highly-trained specialists whose teaching reaches only a few students each year. Moreover, would-be planners are required to undertake a lengthy course of study to provide them with the ability to formulate sophisticated plans based on mathematical models. As a result, the training of planners has proceeded so slowly in the last two decades that there is still a great shortage at the national level in developing countries, and even more, at regional and local levels.

If regional planning is to expand at the rate required to meet urgent demands, a more "capital-intensive" approach to training regional planners will have to be used than has been used thus far. If, for example, the information which planning specialists have accumulated was incorporated in "programmed" form in teaching materials, teachers in training centers in the developing countries could use these materials to train individuals within the subnational regions to prepare and implement regional plans. Only by some such method will it be possible to spread available knowledge about regional planning as broadly and as rapidly as is required to meet the demand for regional planning.

A. W. ■

BANCO INTERNACIONAL DE RECONSTRUCCION Y FOMENTO

PALABRAS DE MR. ALBERT WATERSTON ANTE LA COMISION ECONOMICA
PARA LA AMERICA LATINA, EN LA CIUDAD DE MEXICO.

Es particularmente grato para el Banco Internacional participar en esta sesión de la Comisión. Ustedes y nosotros perseguimos un objetivo común - impulsar por todos los medios posibles el desarrollo económico de las repúblicas americanas. Quiero decir, para comenzar, que el personal del Banco encuentra las investigaciones básicas que adelanta la Comisión Económica para la América Latina, de grande utilidad para su trabajo. Desde las últimas declaraciones hechas por un representante del Banco ante esta Comisión, hemos desarrollado una variedad de técnicas nuevas en el ramo. Espero que ustedes encontrarán que hemos progresado mucho en la tarea de suministrar a los países miembros de la América Latina varias clases nuevas de ayuda. Y abrigamos también la esperanza de que podremos lograr considerables progresos en varios otros campos.

En ciertos aspectos, el momento actual presenta una oportunidad excepcional para un adecuado desarrollo económico en las Américas. El aumento de las adquisiciones de divisas extranjeras en muchos países y el incremento potencial de los ahorros que puede resultar del crecimiento de su economía interna, son fuentes nuevas de inversión en fomento. Nos damos cuenta de los serios problemas que confronta actualmente la América Latina, inclusive el peligro de inflación, y el relativo a las dificultades para que no se interrumpa el abastecimiento de bienes de capital, necesarios para llevar adelante los programas de desarrollo. Con miras a buscar la solución del último problema, el Banco ha establecido una sección especial que ayuda a los prestatarios a obtener en las fuentes disponibles equipos escasos de manera que puedan completar los proyectos financiados por empréstitos del Banco.

Como ustedes saben, los préstamos del Banco a la América Latina han crecido a un ritmo acelerado. El Banco le ha prestado algo más de \$260 millones de dólares, suma que constituye más de la mitad del total de empréstitos concedidos por el Banco a los llamados "países económicamente subdesarrollados". Varios otros proyectos importantes en los países miembros de la América Latina están siendo considerados activamente con miras a que el Banco participe en su financiación.

Pero el interés del Banco en colaborar al desarrollo de la América Latina va mucho más allá de los empréstitos. Una de las lecciones básicas que hemos aprendido es la necesidad de elaborar cuidadosamente los programas de desarrollo. El Banco, en consecuencia, ajusta sus actividades para poder satisfacer las diferentes

necesidades de cada país al planear su desarrollo. La principal dificultad para otorgar préstamos ha sido la falta de proyectos de desarrollo bien elaborados. Puedo asegurar a ustedes que el Banco no asume una actitud pasiva en los casos en que los países miembros no pueden, por sí mismos, preparar en forma adecuada la presentación de sus proyectos. Por el contrario, ayudamos activamente a los países en la preparación de proyectos y programas que puedan mejorar su capacidad de absorción de inversiones adicionales.

El Banco se convierte cada día más en un arsenal de conocimientos útiles respecto a las técnicas de estructuración de los programas. En cooperación con nuestros socios, hemos elaborado nuevos métodos para suministrar tipos fundamentales de ayuda. Nos damos cuenta de que estamos apenas en una etapa inicial de sistemas cooperativos para acelerar el progreso, y nos preocupamos constantemente de encontrar nuevas y más efectivas formas para compartir con ellos las experiencias adquiridas. Quizá sea de interés para ustedes enterarse de algunos de los nuevos métodos de asistencia que el Banco ha desarrollado en el curso del último año en los países latinoamericanos.

Uno ha sido el envío de misiones comprensivas de estudio que examinan las líneas generales de la potencialidad de desarrollo de los países miembros y ayudan a planear los programas generales de fomento. La primera misión de esta clase organizada por el Banco fué la que hizo una investigación minuciosa de la economía colombiana. Como ustedes saben, esa Misión presentó su informe el año pasado y el Banco se complace de los pasos que se están dando para llevar adelante las recomendaciones. El Gobierno de Colombia ha establecido para ello, un Comité de Desarrollo Económico no político. Y los Estados Unidos, dentro de su programa de asistencia técnica, han puesto a la disposición del Gobierno de Colombia, un crecido número de expertos que ayuden a implementar el Informe. Misiones comprensivas similares han sido enviadas a Cuba y a Guatemala y sus informes están próximos a completarse.

Este tipo de misión no es, en verdad, el único método adoptado por el Banco para resolver los problemas de desarrollo. Otro es el de constituir una misión con un propósito específico, cuyo cometido es el de analizar sectores determinados de la economía de un país, en vez de la economía en general. Este puede ser el sistema más efectivo de ayuda para la solución de ciertas necesidades determinadas de un país en un momento dado. Una misión de esta índole, patrocinada conjuntamente por el Banco y por la Organización para la Alimentación y la Agricultura fué enviada al Uruguay a estudiar los problemas especiales del fomento agrícola.

Otro grupo conjunto del Banco y la FAO, con propósitos generalmente similares, acaba de salir hacia Chile. Hará recomendaciones respecto a las inversiones y otros requerimientos necesarios para el incremento de la agricultura de ese país. Esta empresa es buen ejemplo de lo que puede la cooperación al trazar un programa. Como parte de la asistencia técnica, la FAO y el Instituto de Asuntos Interamericanos están suministrando a Chile expertos, por períodos de uno a cinco años, que cooperarán en las labores del grupo del Banco y la FAO en el estudio de la manera de ayudar al Gobierno a llevar adelante las medidas necesarias para su desarrollo agrícola.

Fuera del envío de grupos de varios tipos, el Banco emplea actualmente un método más de ayuda a los países miembros de la América Latina en sus planes de fomento, consiste en el envío de miembros del personal del Banco por un lapso relativamente largo para aconsejar a los gobiernos, tanto en problemas generales de desarrollo como en otros de carácter específico. Uno de nuestros funcionarios estuvo en Honduras durante nueve meses para ayudar al Gobierno a iniciar el funcionamiento del Departamento de Fomento del nuevo Banco Central de Honduras.

A principios de julio, otro funcionario del Banco irá a Nicaragua por un lapso mínimo de ocho meses. En su carácter de representante especial del Banco Internacional en Nicaragua, ayudará al Gobierno a resolver problemas relacionados con la economía general del país y a trazar planes adecuados para el desarrollo económico. Además, a medida que surjan necesidades definidas, el Banco enviará ingenieros, agrónomos y otros técnicos que ayuden a su representante en campos que vaya requiriendo especial atención. Creemos que este mismo sistema pueda ser utilizable con provecho en otras partes.

El Banco ha estado ocupándose de preparar otro método para incrementar el desarrollo de los países latinoamericanos. Consiste en reunir expertos del país miembro - que estén encargados y sean responsables de sus programas de fomento - con expertos del Banco que tengan experiencia en campos similares. Por ejemplo, el Banco invitó dos funcionarios de la Corporación de Fomento chilena y un representante del Ministerio de Obras Públicas para que permanecieran alrededor de tres semanas en Washington en una serie de discusiones de mesa redonda. Durante ese lapso se adelantaron extensas discusiones con miembros del personal del Banco respecto de los problemas generales y sobre los principales programas de desarrollo. El objeto de estas discusiones fué ayudar a los funcionarios chilenos a delinear métodos efectivos que sirvan para dirigir los programas nacionales de fomento.

En el caso de México, el Banco ha organizado un grupo combinado compuesto de funcionarios mexicanos y de dos técnicos del Banco para

estudiar también problemas de fomento en México. El propósito de este grupo es el de examinar, a un nivel técnico y sobre base cooperativa, las tendencias principales de la economía mexicana con especial referencia a la capacidad del país para absorber mayores inversiones extranjeras. Los funcionarios mexicanos han pasado ya dos semanas en la sede principal del Banco. Yo soy uno de los miembros del grupo. En la actualidad estamos adelantando nuevas conversaciones aquí en México. Creemos que podremos presentar un informe en agosto.

Gracias al intercambio de información entre los representantes de los países miembros y los funcionarios del Banco, es mucho lo que hemos aprendido sobre este asunto del desarrollo económico. El Banco tiene la intención de celebrar reuniones de consulta similares en escala más amplia con otros de los países miembros en la América Latina.

Confiamos en poder realizar nuevos progresos en la programación del desarrollo. El Banco tiene gran interés en su participación en el Instituto Especial de Estudios Económicos y de Proyectos de Desarrollo, patrocinado conjuntamente por el Gobierno de Chile, CEPAL, la FAO y el Banco, que se reunirá en Santiago a fines del año.

Los ejemplos que he citado demuestran que el Banco se empeña en ayudar a los países de la América Latina en todas las formas posibles. Hemos logrado ya, creo yo, progresos considerables. Pero no pretendemos haber encontrado todas las soluciones. El Banco no es tan sólo un depósito de fondos. Creo que también podemos decir, en justicia que es, en virtud de su experiencia, un arsenal de competencia técnica al cual pueden recurrir los países miembros en cualquier momento para satisfacer aquellas necesidades que puedan surgir. El Banco continuará buscando sistemas de ayuda a los países latinoamericanos en la realización de sus metas de progreso económico. Ese es el interés básico que compartimos con esta Comisión.