

AN URBANIZATION POLICY FOR  
CENTRAL AMERICAN COUNTRIES

by

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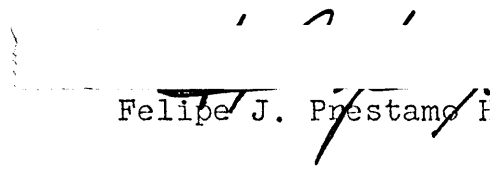
Dear Professor Howard:

I am very pleased to submit my thesis:

"An Urbanization Policy for Central American Countries"  
in partial fulfillment of the requirement for the degree  
of Master in City Planning.

I appreciate very much your cooperation as my  
adviser during this work.

Respectfully yours,

  
Felipe J. Prestamo Hernandez

An Urbanization Policy for Central American Countries  
Felipe J. Prestamo Hernandez  
Submitted to the Department of City and Regional Planning on  
July 20, 1965, in partial fulfillment of the requirement  
for the degree of Master in City Planning.

The objective of this thesis has been to study how the urbanization process can be oriented by a policy formulated by the governments of Central America through the Economic Integration mechanism, the requirements that must be filled for that objective, and the consequences that may be derived from this formulation.

The method followed was, first, to discuss the relationships among economic development, industrialization, and urbanization in general terms, as a frame of reference for the formulation of a policy. Then a descriptive analysis of the Region was presented, including the characteristics of the Economic Integration process. Central American countries are largely rural and traditional in character; they depend for their development on the exports of raw material, competing with larger countries in relatively saturated markets. A high rate of population growth makes more difficult the problem of saving the required capital for investments in industry and infrastructure. The most promising solution they have is their industrialization oriented to internal markets.

The limited size and low acquisitive power of the population of each country made the organization of a common market a required step. Now a complete economic integration is under way, with the feasible, but still remote, political union as a final step.

The agricultural economy of the five countries has not produced enough resources for creating an urban society. They have a slowly emerging urban pattern.

The proposals can be summarized in two aspects: 1. To include the study and explicit guidance of Urbanization in the Development Plans, at the Central American and National level, in each country. 2. To organize strong and democratic urban governments that shall play an active role in the development process. Both approaches are complementary and they are presented as the backbone of the organization that will guide the urbanization process in Central America.

The process of formulation of the urbanization policy is presented in the last chapter.

Thesis Supervisor: John T. Howard,  
Professor of City Planning,  
Head of the Department of  
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## INTRODUCTION

The Central American countries, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua are attempting a new approach to their old problem of backwardness. They are integrating their economic systems, creating a common structure that began as a limited common market, and today looks like an eventual emergence of a new political unit: a new nation.

This thesis analyzes one aspect almost neglected in the literature about Central America: the urbanization process; and it suggests the formulation of an urbanization policy as a way of guiding this process and linking it with the economic development planning. Some changes are also suggested in the politico/administrative structure, creating urban governments, not based on the traditional "municipio" (municipality), product of a rural, agricultural society, but in a new urban unit designed according to the characteristics of the emerging modern urban industrial society.

The thesis is organized in six chapters.

Chapter I provides a general theoretical framework

for the discussion of the topic, including the main characteristics of the efforts of Latin American countries toward development.

Chapter II is a brief summary of the main characteristics of the five countries, and the main problems affecting the process of urbanization are presented.

The goals of the economic integration programs and their operational aspects are presented in Chapter III, together with a discussion of the first approach to the urban problems within the integration movements.

Chapter IV is an analysis of the characteristics of urbanization in Central America and its implications. Forms for handling these problems at different levels are summarized in the end of this chapter.

The urbanization policy is presented in Chapter V and some of its main implications are discussed.

The last chapter is a discussion of a possible setting of the urban policy within the framework of the integration movement; some possible implementation measures are suggested.

Two appendices complement the thesis, the first one related to a future capital city for the area, the second one a set of suggestions for future works in this field.

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## CHAPTER I

### THE FRAMEWORK FOR AN URBANIZATION POLICY

Underdeveloped nations are today the actors of a process that has attracted the attention of the entire world. The five Central American countries are part of this large group, being well below the average situation of Latin America as a whole. The process of economic development is a highly complex one, and its meanings can be understood in different ways.

The meaning of underdevelopment is explained by the United Nations in the following terms: "We have had some difficulty in interpreting the term underdeveloped countries. We use it to mean countries in which per capita real income is low when compared with the per capita real incomes of the United States of America, Canada, Australia, and Western Europe. In this sense an adequate synonym would be 'poor countries'."<sup>1</sup> The divisory line is U.S.\$500.00 per capita, per year.

This broad economic definition neither tells anything about the social and cultural characteristics of the societies in those countries nor about the institutional frame of those countries.

If the problem is low income the obvious solution

is raising it. The objective of better income for people in underdeveloped countries can be reached in two ways: by emigration: moving labor toward capital, or by industrialization: moving capital toward labor. In Central America today both approaches are under way with concentration of investment in the big cities, but not enough to absorb the rural immigration. The well known role of the frontier is now being played by the cities within each country.

The economic programs applied today in Central America are largely programs of pre-industrialization or industrialization. The rationale behind them can be explained by the words of Professor Paul Rosenstein-Rodan: "The implicit theory relies on removing two obstacles to industrialization: 1. On the supply side, by creating a minimum quantum of social overhead capital without which directly productive investments could not take place; 2. On the demand side by creating additional employment and income through investment in the social overhead capital activities effective demand is raised in the area since the additionally employed workers employed in the construction of social overhead capital will spend their wages on additional goods."<sup>2</sup>

These actions are not enough, because the private

investment attracted by these measures might not be enough or will not be invested in the required sector and in the required time in order to obtain the maximum output of the economic system. An additional step has been taken: the complete planning of the industrial sector and consequently the promotion of this plan by the government in order to attract the private investment.

Up to here the process of development has been presented as a process of rising income. But what are the characteristics that this process must have?

"Continuous rise in income -- that is continuous economic growth -- is obtained only by continuing improvement in techniques or products. There is no other road.... If steady technological progress is occurring in any given society at a rate sufficient to more than compensate for increase in population, and if the behavior pattern of the society is such that the technological progress promises to continue, then in a sense the fundamental economic problem has been solved."<sup>3</sup>

"The fundamental problem is likely to be not how much economic change the economy can absorb, but rather how much cultural change the backward people can accept and how quickly."<sup>4</sup>

Now a new aspect enters into consideration,

besides the purely economic one. Let us look at the same problem of underdevelopment from the social point of view.

### Dual Societies

Underdevelopment can also be explained in terms of the characteristics of the society under study. The well known theory of Sociological Dualism formulated by the late J. H. Boeke<sup>5</sup> based on the large experience of the professor in Indonesia presents the case of underdeveloped countries as a situation in which there are two different societies in a country. He defined these dual societies:

"Social dualism is the clashing of an imported social system with an indigenous social system of another style. Most frequently the imported social system is high capitalism. But it may be socialism or communism just as well, or a blending of them."<sup>6</sup>

Dualism in Boeke's words is a form of disintegration. Largely debated, the Boeke approach can be applied to many economies, and it is possibly true in the case of Central America. Guatemalan Indians still speaking their native dialects, the poor farmers, and the urban high-class families are really living at the same time in three



different worlds.

The theory of sociological dualism can be accepted or not but sociological and psychological factors must be considered in any comprehensive analysis of the development process.

It is possible to explain the situation of an underdeveloped country, like any one in Central America, in terms of the existence of these dual societies. Professor Hagen<sup>7</sup> pointed out some characteristics of both extreme cases: The peasant society and the urban technologically progressive one. The peasant society as a number of villages with one or more centers that are the trading cities or the political and administrative centers. There is no social mobility (or only a small degree) and the main economic activity is agriculture. Urban society has a large degree of social mobility, related to economic success. The concepts of Nature and operation of the physical world are well known.

In urban societies it is a common thought that position in society can be improved by one's own efforts; that may not be necessarily true in all the cases.

In the traditional one, land ownership, religious position, military or political position are highly respected and, at the same time, trade and business

are considered with a feeling of repugnance, as well as unskilled labor and any work that soils one's hands.

In the progressive society there is an almost opposite situation. The attitude toward economic roles is diversified; land ownership is not so highly regarded, religious life is considered in variable ways, and military and civil service are not so well ranked. There are positive opinions toward art and science and the main contrast is in the values of the society in its concept of business and technical activities.

In conclusion Hagen affirms that the characteristics of the traditional society are inimical to the economic development. If it is so, urbanization must be a required condition for growth and not simply a by-product.

Later in his book the influence of urbanization is discussed and it has raised the following question:

"Should urbanization and increase in the availability of communications media be considered as the forces initiating change, or are they incidents in the process of change which follow from other identifiable initial disequilibrating events?"<sup>8</sup> After a discussion, Hagen suggested "...that change in personality is typically the first step in the sequence leading to urbanization, increased media participation, increased literacy, and

further change in personality, and, that the urbanization and communications aspects of the sequence are steps in the process of change but not its point of departure."<sup>9</sup>

It is possible to conclude from this review that economic development must occur in an urban society, that thus society must play the role of a catalytic agent, in order to induce social change and expand the growth to the entire country.

Urban societies are not a by-product of development but a tool for achieving it.

From the economic approach it is possible to conclude that industry is the main tool for development. From the social field the urban society emerges as an active and required element in the same process. How do industrialization and urbanization interact? What is the relationship between both, accepting them as part of the development process?

#### Industrialization and Urbanization

Industrialization and urbanization go together. Their connections may be weakened at two boundaries. "First, only the modern industrial sectors are characterized by large optimum-size units -- and then only if the

transport and communications network is adequately developed. If cottage industries are extensive and the transport and communications system is underdeveloped, urbanization may be slight.... Second, in the developed countries, the increase in wealth may permit a dispersion of living facilities -- even with the continued concentration of population during working hours. A movement like this implies the acceptance of the additional cost of decentralized living combined with centralized and urbanized production."<sup>10</sup>

Both points can be applied to Central America, the first one as an explanation of why the five countries remain with a low level of urbanization during the first part of the present century when they depend on cottage industries, and the second one as a description of what must be the future urban pattern of the Region, that today is emerging slowly.

Let us now observe some characteristics of Central America today, with relation to Europe at the time of its development.

Urbanization was going on in Europe when capital formation was rapid enough so that the new immigrants sooner or later (in a short period of time) could find employment; even though there were periods of instability, they were the exception and not the rule.

In Central America, Indians and farmers are moving to the cities but the national economies do not have the required dynamic of growth in order to provide the new employment needed. Politicians are presenting industrialization as the solution to the present problems of unemployment but unskilled farmers can only find jobs in the service sector or as public employees. Industrialization is truly a solution, but for the people in the streets it is like a mirage. It is necessary to accelerate the rate of industrialization in order to keep pace with the aspirations of the people.

Another important characteristic of the European industrialization was that it was an unplanned movement. No ministries of economic planning made plans or projections. Forces acting more or less in a free way were the steering mechanism of industrialization. Urbanization was produced in the same way, with the very important safety valve that was the emigration to new lands.

Today the social pressures on the countries make necessary a faster developing of industry. The limited resources call for a high efficiency in investments and the fact that new industry is competing with highly developed centers in other countries made an almost indispensable requirement the intervention of the state as

a planner. Let us accept that as a reality, and look what happens with the urbanization process.

In Europe, the timing of the industrial growth, and the level of aspirations of the people were completely different. Today urbanization in Central America, as in Latin America in general, is going on faster than in any European country before. At the same time the aspirations of the people have been increasing. The levels of services, water, sewage, education, health, housing, etc. are considerably high. People see in the movies, television or newspaper how the people of rich countries live.

One of the impacts of the communications on the people of underdeveloped countries is the rising of aspirations, at a time that the limited resources keep the achievement of the countries at a very low level.

As a consequence standards are in many cases based on aspirations and not on resources. In the cities it is possible to find housing projects or new urbanizations that are "translated" from foreign societies, with the consequence of large investment of scarce resources in luxury or unproductive investments. The same applies to consumption patterns.

In an effort to solve the present chaos, in trying to use resources in a most rational way and defining goals

in accordance with values and possibilities, developing countries are adopting planning as a tool in the guidance of their development.

Planning in Central America is largely economic planning limited to the public sector, with little power on private enterprise and almost unconnected with urban planning.

#### Planning the Economic Development

The process of economic planning is centered in the National Economic Plan. These are plans that define goals for the entire economy and then produce a set of investment targets and production targets in different sectors of the economy by both public and private sectors. In order to understand the character of such plans let us look at some of their requirements presented by Professor Hagen, based on the analysis of the experience of different countries.<sup>11</sup>

A good plan, he said, must have at least these six characteristics:

1. A good plan must propose public expenditures for development and for current expenditures and will indicate the policies to be adopted with relation to the private sector.

2. All the projects included in the plans should be within the capacity of execution of the country and should be technically and economically sound. That means that the feasibility of each project must be studied exhaustively.

3. The total demand from the public sector, in terms of employment and purchases and the projected private demand must be according to the country's potentiality.

4. The plan must be flexible enough in order to permit changes or alterations in order to meet some unforeseen situations.

5. Goals of the plan may be chosen in such a way that they stir the imagination and energies of the nation and challenge planners and operators. But at the same time they must be realistic.

6. The plan must be adapted to the institutions of the country, mainly in reference to the stimulation and regulation of private economic activity.<sup>12</sup>

With reference to the engineering planning and the execution by central, state, and local agencies, Hagen recommends three characteristics:<sup>13</sup>

1. The tentative and final determination of the possible size of a development program and the allocation of resources should be based on reliable data. Each



Each decision of the public sector must be a selection between different alternatives. A good planning process must improve the basis for comparisons.

2. Coordination among units of government itself and with the private sector must be encouraged.

3. The timing of the process must be taken in consideration from the beginning of the research until the final realization of each stage.

It is important to look at the political structure of the countries in which economic planning is adopted. In democratic countries in which the private sector of the economy has a relatively larger freedom of action than the Central Government, plans have had a rather limited area of action. The state can plan investment of the private sector but it is possible that they do not crystalize in the way and time planned. This limited efficiency of economic plans leads to the mistake of confusing the existence of a plan with an effective planning process.

This mistake is a common one at the national level as well as at the urban level. The theoretical statements that emerge from the planning offices need to get the acceptance of political and economic sectors, and sometimes it is necessary to introduce changes that may alter the goals originally adopted.

This process of analysis and discussion of the plan "...does not mean that democratic planning must be an economically irrational compromise of divergent political pressures, but it does mean that economic calculations operate within a fairly severe set of limitations."<sup>14</sup>

The administrative and political aspects of development can not be understood only as a matter of interference of some forces or sectors with the thoughtfully prepared economic calculations. It does mean that the administrative and political machinery of the states must be carefully evaluated; the adding of a new office or the change of name or functions of existing ones is not enough in order to carry out a program of such complexity like the development of a nation.

#### Urban Planning

It is possible to find references to the process of urbanization in economic literature, but in general terms it is supposed that the same variables that guide economic development or industrialization will guide the process of urbanization.

There is not an explicit mechanism for guiding the urbanization or for the formulation of a set of goals and policies in this area.

In another way it is possible to say that  
Economic Development = Industrialization + Urbanization

$$\text{Industrialization} = f(x_1, x_2, x_3, \dots, x_n)$$

in which the x's are variables related to market, technology, investment, etc.

$$\text{Urbanization} = f(x_1, x_2, x_3, \dots, x_n + y_1, y_2, y_3, \dots, y_n)$$

in which the y's are variables related to behavior, values, cultural endowment, etc.

Today, government through economic planning is trying to control and guide industrialization, with the adequate arrangement of part of the variables that it can control (the x's series) but it is important to note that not all the variables are under its absolute control.

The way of achieving this control is economic planning, and of course, the control of some x's produces an impact on urbanization. The problem here is that the control of government on y's variables is weaker than on the x's, mainly because of the lack of understanding of how they interact.

The thesis that is proposed here is to introduce a mechanism for the guidance and control of urbanization,

accepting the relationship between industry and urban society and the priming role of the economic development in the life of each country.

The creation of this new mechanism does not imply a displacement of economic planning. It really means a reinforcement of the planning function of the government extending their action to a new field in an efficient way.

#### The Alliance for Progress and Economic Planning

Let us consider now, in general terms, how the Economic Planning is working in Latin America, as a base for explaining why an urban policy is necessary, using the preceding discussion as a background.

In 1961 the Charter of Punta del Este was signed as a formal agreement by the signatory countries on a program of action. Objectives of development were:<sup>15</sup>

- To achieve sustained growth of per capita income and self-sustained economic growth of not less than 2.5% per capita per year;

- To achieve more equitable distribution of national income and a higher proportion of the national product devoted to investment while maintaining stable

price levels;

- To achieve economic diversification, involving reduction of dependence on exports of primary products, and stabilization of exports earnings; and to raise agricultural productivity as well as encourage agrarian reform;

- To eliminate adult illiteracy and by 1970 to assure access to at least six years of primary education for each school-age child;

- To improve health conditions, including the increase of life expectancy by a minimum of five years;

- To increase low-cost housing construction;

- To strengthen existing arrangements for economic integration.

In order to achieve these objectives, it is agreed in the Charter that certain requirements will have to be met:

1. Development programs shall be in accord with democratic principles.

2. Development shall be based on the principle of self-help stated in the Act of Bogota, and on maximum use of domestic resources.

3. Developing countries shall be assisted by adequate outside capital on terms which are compatible

with development needs and capabilities.

4. Private as well as public institutions shall be strengthened in order to make more effective use of domestic resources. The fruits of progress shall be fairly distributed.

5. Development plans must be prepared as soon as possible by all Latin American countries.

Since 1961 up to today it is possible to summarize the process of planning the economic development in two stages:

1. The preparation and approval of National Plans and the organization of the planning machinery.

2. The evaluation of plans already in effect and the formulation of recommendations for improvement of the planning process.

#### Preparation of Plans

The National Development Plans already prepared have followed in general terms the theory developed by the Interamerican Organisms. The procedure was summarized in "Analysis and Projections of Economic Development".<sup>16</sup>

National plans as have been prepared by Latin

American governments can be summarized in six steps:

1. Diagnosis of the national economy.
2. Projections of the main sectors of the economy.
3. Projections of the exports.
4. Estimation of the needs of foreign investments or financial cooperation.
5. Projections of the productions of the different sectors of the economy.
6. Analysis of the projections and adjustment of them.

As a general norm, National Plans in Latin America have been prepared with the following scheme:

1. General goals of the economy.
2. Diagnosis, projections and strategy.
3. Sectional goals.
4. Financing planning.
5. Social and economic policies.
6. Reforms.

The emphasis in the different aspects change from one country to another. It is important to say that up to date regional planning or metropolitan planning (related to the capital city or main cities of each country) are mentioned as future activities,

but without explanation of their scope or importance.

Up to December, 1964, nine countries had prepared their National Plans and there were many others in process of preparation. Central American countries were scheduled to finish their plans at the beginning of 1965.

#### Evaluation of the Alliance for Progress and Economic Plans

The Inter-American Economic and Social Council (IA-ECOSOC) integrated by ministers of each of the state members of the Organization of American States, in their Third Annual Meeting held in Lima, Peru from December 5 to 11, 1964, examined the development trends of the Alliance for Progress in the last two years and at the same time made recommendations about problems and prospects for the near future.

The final report of this meeting is the last evaluation of the Alliance, and it is important that it was discussed and approved by the official representation of each country. It can be considered as an official evaluation and the recommendations have been approved, in principle, by all the governments.<sup>17</sup>

From this report two aspects are presented here



in a summary form:

1. General evaluation of the situation in Latin America.
2. Recommendations for the improvement of the planning process.

### General Evaluation

Some of the most important aspects are:<sup>18</sup>

"The Charter of Punta del Este gave approval to the close relationship between economic development and changes in the social structure....

.....

"In accordance with those ends the social policy demanded by the Latin American people is inseparable from the economic and institutional aspects of the change that is at the basis of development.... This implies that planning, and in general the policy of development, should not be concentrated exclusively in investment programs in such fields as housing, health, etc., without simultaneously seeking improvement in income distribution through a series of measures in the broad economic and social field.

.....

"Although it is generally accepted that the Alliance for Progress implies not only economic development but also the creation of a society that is coordinated and capable of progress, the complete application of the principles of social policy has not yet come about.

"Effective improvement in the preparation of social projects and programs, and the adequate correlations of these with the economic goals of development constitute one of the most widely felt needs of the countries."<sup>19</sup>

There were presented recommendations for the formulation of future plans:<sup>19</sup>

"To avoid the usual excessively broad goals and projections and give greater importance to the sectional analysis of the programs....the goals should be expressed in physical units and incorporated into the work schedule of specific projects.

"...great importance should be given to defining and coordinating the policies that the government will have to follow in order to influence the

the action of private enterprise in accordance with the objectives chosen.

"...Policies (in the public sector) should be formulated in definite and operative terms and should be adequately coordinated with the general goals assigned to the public sector.

"In the preparation of development programs, greater emphasis should be given to the formulation of regional plans, incorporated into the national program and leading to the attainment of greater efficiency and coordination in government action at the regional level."

With reference to the preparation of plans, the same group recommends: "...it is necessary to have executive officers at the different levels of government participate more actively in formulating over-all strategy, and presenting the different sectorial programs..." and that "...it is necessary to keep the public well informed of the plan's objectives and of the means which will be used to achieve them."

"Prompt, ample, and strong action is required both by governments and international organizations to modernize administrative machinery, especially in those sectors which are basic for economic development."

In another part of the recommendations they said: "It is of greatest importance to strengthen national comprehension of the fact that planning constitutes an appropriate procedure to achieve public and private action of benefit to all economic sectors and to overcome resistance by certain groups which refuse to eliminate structural defects still persisting in Latin American countries."

### Conclusions

From the previous considerations, I consider the following points as basic statements for the elaboration of this thesis.

Firstly, economic development requires a total transformation of a rural traditional society into an urban modern industrial one. A topic for discussion is the relationships between this transformation and the process of economic growth, but it is possible to agree that both are inseparable parts of a complex process. If it is so, the decision of planning the economic development must be complemented by the decision of planning the urbanization process.

Secondly, the urbanization process can be

considered in three levels: (1) at the Central American or (2) at the national level, both of which are considered in order to determine their implications for the entire society, and (3) locally, at the urban level, in order to understand their characteristics and produce the required actions closely related to the cultural values of the people and the characteristics of each community. In all levels, the relationship with economic development must be considered through any planning process. The acceptance of the three elements: national and local levels of urbanization and their relationship with economic growth make it necessary to build up a communication system in order to produce favorable conditions for coordination and efficient planning.

In a democratic society the answer to this can be a policy, acting as a steering mechanism of the process, complemented by a political-administrative structure capable of learning the changing characteristics of the problems and of the available resources. It will be flexible enough for adapting to possible changes generated through the process of development. In summary, a mechanism is proposed with:

1. An urbanization policy, as the channel

linking industrialization, and in general economic planning, with urban affairs and providing a guidance to the urban governments.

2. A set of urban governments with enough power and resources in order to be really the leading force of an urban democratic government.

The thesis is an application of this approach to the case of the Central American countries.

The analysis of the economic planning efforts made by Latin American countries and the recommendations made by Inter American organisms reveal that up to today the efficiency of these efforts is low in general terms and that they are not accomplishing their goals. Critical points are the lack of popular understanding and support for these National Plans, as well as the problems derived from their implementation. Again the urban planning approach proposed can be defended as a complement of National Development Plans, but here I link this planning activity with the creation and development of strong local urban governments, working within the frame of these National Plans as truly representative of the emerging urban societies.

A final remark in defense of both urban planning and the creation and growth of strong, self-determined,

democratic urban governments.

The dark picture of the poverty, as it is summarized in Chapter II, and the tragic consequences of underdevelopment have forced the placing of the goals of economic development in a top priority in each country, but this is a common misleading approach: increase of family income or of Gross National Product will not create by itself a better society. It is a requirement; poverty must be eliminated but a better society can not be built based on dollars, quetzals or pesos. This new society, this better society, must create a framework of values related to many other aspects. The organization of this society must be the concern of all its members, and not the prerogative of a small bureaucratic minority. Within this concept I think that the city, as a cultural center, will have the leading role in this task. Urban planning can be an active tool in the creation of an environment conducive to a free, democratic and wealthy society.

I will finish explaining that I do not believe in urban planning as a panacea, but rather, as a process conducted by human beings, it is subject to faults and errors. It is thus presented as another tool in a large set of techniques that must be used in the achievement

of the goals of Central America; a tool that has been neglected and completely by-passed, in the present situation in Central America.



## CHAPTER II

### CENTRAL AMERICA: LAND AND PEOPLE

#### The Land

The area is a narrow bridge between North America and South America, with its broadest part within about 300 miles. The maximum length is nearly 900 miles.

The total area is 170,258 square miles, nearly one-tenth larger than the state of California, or half the size of Venezuela. See Table #1.

Table #1

Land Area and Population

	Land Area	Population (Thousands) 1950	Population (Thousands) 1980
Guatemala	42,085	2,788	5,759
El Salvador	8,058	1,856	3,556
Honduras	43,277	1,428	2,577
Nicaragua	57,143	1,057	2,172
Costa Rica	19,695	801	1,768
Central America	170,298	7,930	15,832



Map 2



The main geographical feature is the Central Cordillera, a high plateau running northwest-southeast through the five countries. The altitudes are between 3,000 and 6,000 feet above sea level. This area is the most populated, with the main cities located on it. Within the plateau are a series of volcanoes and mountains jutting as high as eleven thousand feet. From the Cordillera, extending toward the Pacific and the Caribbean coasts the land slants down, generally in a gently rolling fashion. Finally there are coastal plains on both sides with tropical climate. Rivers are not important.

#### Climate

An important characteristic is the modification of the tropical climate by the mountains. This fact was one of the most decisive factors in the settlement of the area. It is possible to classify Central America in three climatic areas:

Hot Lands: temperatures in the 70's and over. Lands between the sea level and 3,000 feet of altitude.

Temperate Lands: temperatures in the 60's. Lands between 3,000 and 6,000 feet of altitude. This area

is mainly the Central Plateau.

Cold Lands: temperatures in the 40's and below.

Lands over 6,000 feet of altitude.

Seasons have nothing to do with temperatures, and are mainly a relation between sunshine and showers.

The settlement process

The Spanish conquest of America was based in a network of cities created as the center of the colonial government, and organized following a rather strict legislation that was part of the Indian Laws (Leyes de Indias), the legal frame of the Spanish colonization. Central America was discovered by Columbus in 1502, but it was in 1525 when Honduras was recognized as a province by the Spanish government.

Central America was a political unit for the first time in history in 1544, when the "Audiencia de los Confines" (Audience of the Boundaries) was organized. The sede was the city of Gracias, in Honduras, today a village of less than 2,000 inhabitants.

In 1549 the Audiencia was moved to Santiago de Guatemala (today Antigua). From this year on, this city was the capital city of the Central American Provinces,

until the earthquake in 1773.

The Audiencia ruled the concentration of Indians in villages, as in many other Latin American countries, and in few years hundreds of small villages were created with almost the same urban pattern. Indian Laws regulated sizes and location of plazas, streets, public buildings, lots, etc.

In this process City was an honorary title, as well as Villa (village), Pueblo (town), etc. In the first half of the sixteenth century the present urban pattern was almost completed, and a long period of colonial rule, two and a half centuries, was under way.

At the end of the Spanish Rule in 1821, only seven urban centers had got the title of City. See Table #2.

All the other villages or Indian pueblos were small groups of houses, sometimes the local administrative center. It is important to note some characteristics of the Colonial Period, interesting for the process of urbanization in Central America.

1. The area was developed based on an agricultural economy, not on mining like in Mexico or Peru. Cities were the local market for this production.

2. This economic fact made possible that the area

Table #2

Central America. Population, Main Cities  
1821, 1950

	Population 1821	Population 1950
Guatemala City	30,000	284,000
San Salvador	15,000	162,000
Comayagua	6,000 to 8,000	5,500
Leon	8,000	31,000
Granada	8,000	21,000
Cartago	4,000 to 6,000	13,000
San Miguel	6,000	27,000

Sources: Parker, F.D., The Central American Republics,  
Chapter IV.

did not attract Spanish immigrants. A small number of them dominated the political and economic life of the Colony, but without any dynamic force to impose the European culture, or at least influence and change the Indian culture. At the end of the Colonial period, the total population of Central America was 1,200,000 inhabitants. Spaniards were less than 15,000. The urban pattern was of Indian character, based in villages, with a remnant of tribal organization.

3. The urban pattern was developed influenced by constraints like the climate and the topography that made possible the concentration of villages and cities on the high plateau.

The topographical characteristics of the lands made extremely difficult the communications by land; the local character of the trade did not require intense communication with Spain. Note that no one big city was located on a sea port. (See Map 1 and 2).

The pattern which was developed was land oriented, as a set of clusters of villages, with limited internal communications.

4. The growth of any city within each cluster was mainly by the administrative functions or by special



characteristics of their location within the primitive road system. The rural population remained organized around the villages.

It is permissible to conclude that the Spanish Colonization by-passed Central America. Their emphasis was made in Mexico, the Caribbean area, and South America.

### The Independence

The life of Central American countries from 1821 up to today is a long study of political failure, internal struggle, and foreign interventions.

Their **first** political organization was a Federal Republic, organized by the former five provinces, today the Central American countries. After an unstable period, the leader of the unionist movement, Francisco Morazan, was executed on September 15, 1842, the twenty-first anniversary of Central American independence from Spain. The united countries ended then, but the ideal of union remains.

The topic of this thesis does not require an analysis of the political history of the countries during the centuries, but it seems to me that it is interesting to note some facts that can be used as an

explanation of the behavior of some institutions in the process of economic integration that will be presented in the next chapter.

1. One of the negative factors in the failure of the Federal Government in the nineteenth century was the rivalry between provinces. The issue of "dominant role" of certain countries or cities was the origin of many disputes.

2. After the failure of the Federation all the movements were oriented toward the political union, and in every case it was impossible to achieve this goal.

3. In 1951, the five states agreed on the establishment of the Organization of Central American States. It was based upon a charter prepared by the five Ministers of Foreign Relations, and called the "Charter of San Salvador". The emphasis this time was on the economic side. It began to work in 1955, and its impact began being important in the late 1950's.

## CENTRAL AMERICA IN THE 1950'S AND 1960'S

The People: Population Distribution

Urban pattern will be studied in Chapter IV, but

let us look at the general distribution of population in 1950.

In Central America the population has had a tendency to concentrate on the high lands because of the pleasant climate and the lower incidence of disease.

Most of the uninhabited regions are low-lying and covered with tropical forest almost without any means of transportation (Map #2).

El Salvador ranks first in density. In 1950 it had 230 persons per square mile of territory, and it is important to observe that this country had almost all the territory occupied.

Density in the other countries ranges from 66 inhabitants per square mile in Guatemala to 18.5 in Nicaragua. All the other four countries had large areas virtually uninhabited.

Density, at this scale is only useful as a measure of the potential pressure on the agricultural land. When we use only agriculturally productive land, the figure of density in El Salvador changes up to 2,384 inhabitants per square mile, one of the highest in the world. The figures in the other countries remain comparatively low.

Table #3.

## Central America; Population, Rural and Urban. 1950.

	Total Population	Rural Population % of Total	Urban Population % of Total
Costa Rica	800,875	534,989 66.5	288,286 33.5
El Salvador	1,855,917	1,178,750 63.5	677,167 36.5
Guatemala	2,790,868	2,094,410 75.0	696,458 25.0
Honduras	1,368,605	944,152 69.0	424,453 31.0
Nicaragua	1,057,023	687,774 65.1	369,249 34.9

Source: United Nations, Human Resources of Central America, Page 14.

## Rural - Urban Population

As it is presented in Table #3 the rural population was predominant, ranging from 75% in Guatemala to 63.5% in El Salvador.

In Guatemala the rural population declined to 68% according to the 1964 census. In El Salvador rural population was 60.7% according to the 1961 census. In Costa Rica the figure was 65.4%.

In Nicaragua in 1963, rural population was 60%.

The most interesting characteristics are those which describe the situation in Honduras. According to the Population Census of 1961, 77% of the total population was rural, that means an increase of 8% over the 1950 figures. In both Census, they considered as "urban" communities of more than 1,000 inhabitants. This criterion points to the likelihood that the actual rural population is higher than indicated by the Census. In spite of the population growth the spatial distribution (urban, rural) has not changed.

Honduras is the most backward country of the area, at the same time that it is the most rural in character.

These figures and those presented in Table #4 show that the urbanization of the countries is not going at a fast pace, if it is compared with other countries.

Table #4. Percentage of Growth in Different Sizes of Urban Centers,  
in Selected Latin American Countries.

	Period (years)	Population Growth, as % of Total Population	Growth by Size of Center (%)			
			Less 20,000 rural	More 20,000 urban	20,000 to 100,000	100,000 and more
Colombia	1938-1951	32.7	20.9	70.1	91.8	106.3
El Salvador (C.A.)	1930-1950	29.4	29.4	64.0	37.2	81.1
Mexico	1940-1950	31.2	97.0	53.6	36.1	59.3
Nicaragua (C.A.)	1940-1950	26.5	22.6	74.9	----	74.9
Venezuela	1941-1950	30.7	14.4	92.2	96.8	87.9

Source: O.A.S. Unpublished Report on Social Situation in Latin America, Page 289.

Table #5. Central America. Trends and Rates of Growth:  
Rural and Urban Population

	Rural Population			Urban Population		
	Number (000)	% of Total	Annual % of increase	Number (000)	% of Total	Annual % of increase
Costa Rica						
1927	337	71.4		135	28.6	
1950	533	66.6	2.01	267	33.4	3.01
Guatemala						
1920	964	73.4		350	26.6	
1940	1614	73.3	2.61	588	26.7	2.63
1950	1941	69.2	1.86	864	30.8	3.92
El Salvador						
1930	916	63.5		527	36.5	
1950	1188	63.6	1.31	680	36.4	1.28
Honduras						
1945	895	71.0		366	29.0	
1950	985	69.0	19.3	443	31.0	3.89
Nicaragua						
1906	358	70.8		147	29.2	
1920	444	69.6	1.55	194	30.4	2.00
1940	549	66.6	1.07	276	33.4	1.78
1950	690	65.1	2.31	370	34.9	2.97

Source: U.N. Human Resources of Central America, Page 18.

Colombia and Venezuela had an urbanization growth rate higher than the two countries of Central America.

In spite of that, according to the limited resources of the five governments, the urban growth represents a big problem for each country, and it is possible that the migrations toward the cities will increase in the near future as a consequence of the industrialization, and the critical economic situation of the rural area.

#### Population Growth

As in other underdeveloped countries the population growth can be explained as a result of a combination of high birth rate and a lower mortality rate. While the mortality rate was 11.8 in 1961, or 4.3 below the 1950 rate, (maximum Guatemala 16.3, minimum Costa Rica 7.9 in 1961) the birth rate was 47.6 per thousand population, 0.6 over the 1950 rate.

The rate of growth 1950-1960 was 3.4%; that can be considered among the highest in the world.

In Table #6 it is shown that during the period 1950-1959 all the Central American countries had a rate of growth higher than South America as a whole, a trend



that has been permanent in the last years.

The continuous growth of the main cities of the region is insured by the urban migration and the high rates of natural increase. Young adults represent a much higher proportion of the urban population than rural, and in contrast with the migration patterns elsewhere, women migrants outnumber males. The type of age and sex distribution found in a city is conducive to high fertility. Since the proportion of older persons is small in cities, the death rate tends to be lower than in the country as a whole. In addition to this, better sanitation and health facilities would tend to lengthen the average expectancy of life. In Central America, in urban areas there are a higher proportion of married persons than in the rural areas. However, when consensual unions are included the proportion changes, with the highest percentage of persons living with mates in rural areas.<sup>20</sup>

Dependency ratios compared with the U.S. shows the pressure on urban workers.

Figure 1 shows the population pyramid of Central America. It is the typical shape of a population without migrations. Figure 2 represents three countries, Costa Rica, Honduras and El Salvador, that are of the same shape.

Table #6.

## Central America: Population Trends 1920-1959

	1920	1940	1950	1955	1959 as % of 1920	Average Annual Rate of increase in %		
	(thousands of persons)					1920- 40	1940- 50	1950- 59
Costa Rica	421	619	800	1,126	267	1.95	2.59	3.87
El Salvador	1,168	1,633	1,868	2,520	216	1.69	1.39	3.38
Guatemala	1,314	2,202	2,805	3,652	278	2.66	2.36	2.98
Honduras	644	1,146	1,428	1,887	293	2.92	2.23	3.32
Nicaragua	638	825	1,060	1,424	223	1.39	2.54	3.34
South America	61,000	90,000	111,000	138,000	226	1.97	2.12	2.45
U.S.A.	106,840	132,594	152,264	177,702	166	1.09	1.39	1.73

Sources: Human Resources of Central America, Page 4.

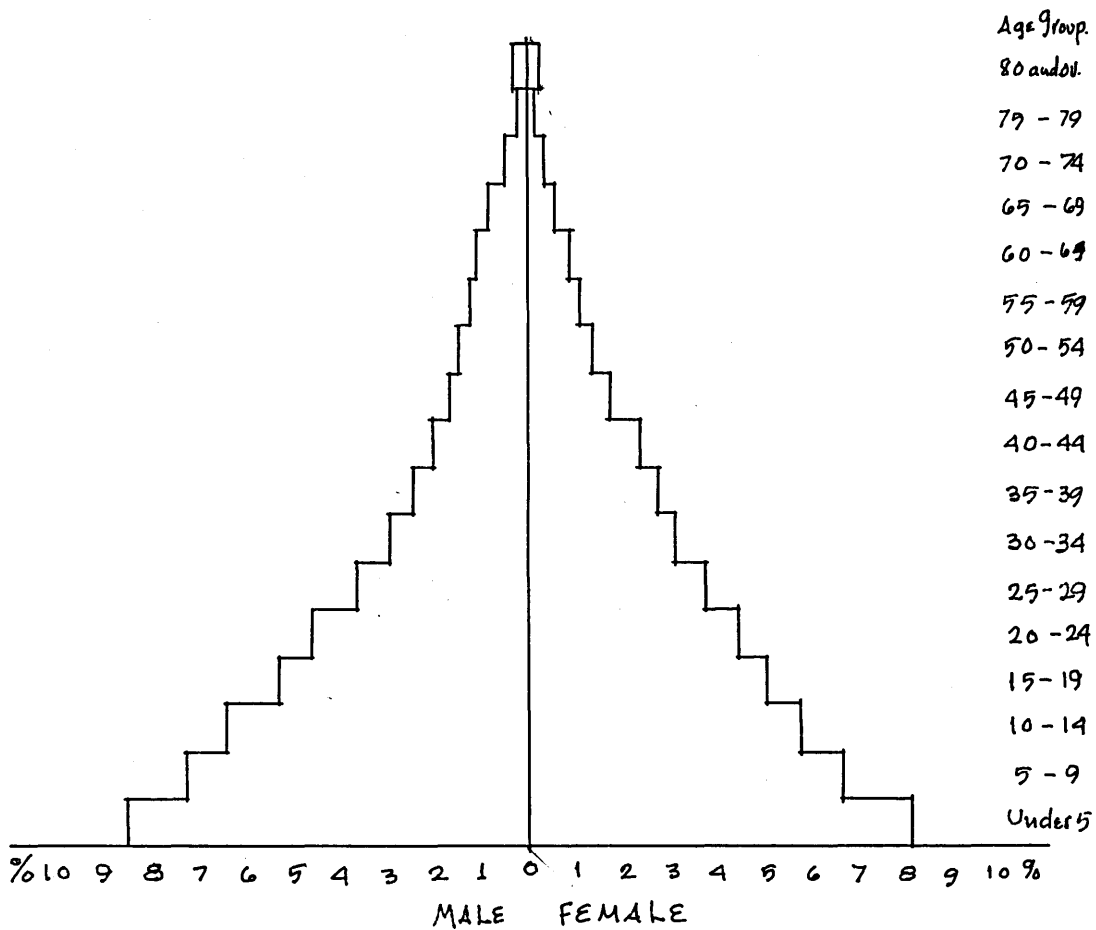
Table #7.

Central America. Population Distribution in Working and Non-working Age Groups, by Urban and Rural Residence, 1950.

Countries:	Total Population (Percentage in each age group)			Rural Population			Urban Population		
	U Under 15	15-69	70 plus	Under 15	15-69	70 plus	Under 15	15-69	70plus
Costa Rica	43	55	2	46	53	1	37	61	20
El Salvador	41	57	2	43	55	2	37	61	2
Guatemala	42	56	2	44	55	1	37	61	2
Honduras	41	57	2						
Nicaragua	43	55	2	45	53	2	40	57	3
U.S.A.	30	65	5	34	61	5	27	68	5

-55-

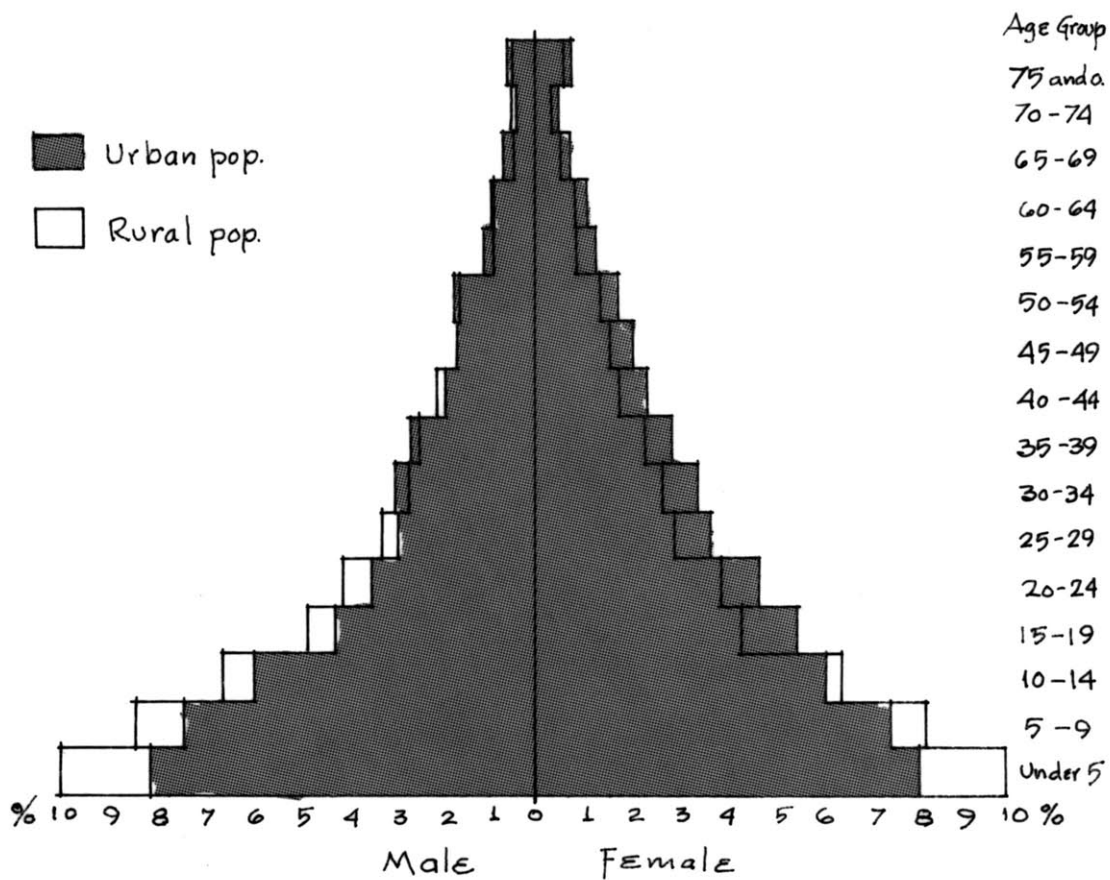
Source: United Nations, Op.Cit., Chapter III.



Graphic 1.

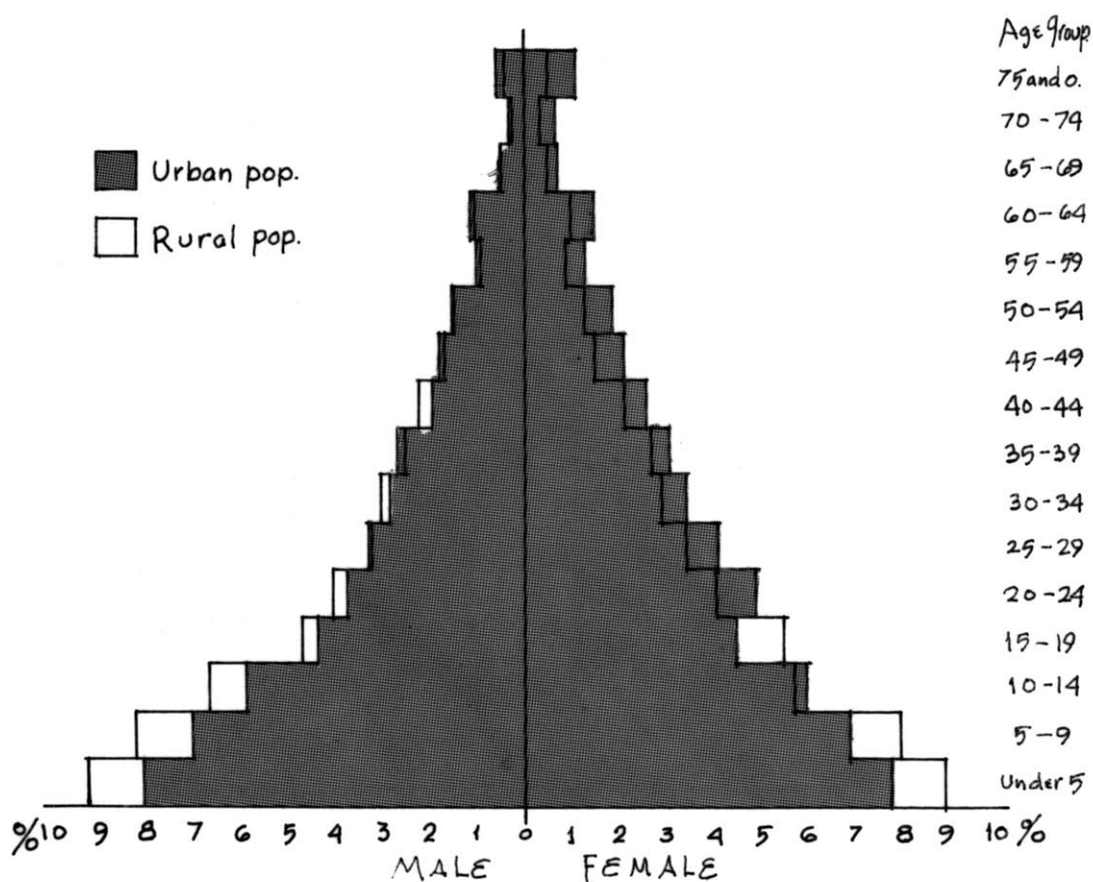
CENTRAL AMERICA. COMPOSITION OF TOTAL POPULATION, BY AGE AND SEX, 1950.

SOURCE: Based on 1950 census data, published in UNITED NATIONS, Demographic Year Book, 1955 TABLE 10.



Graphic 2.  
COSTA RICA. COMPOSITION OF RURAL AND  
URBAN POPULATION, BY AGE AND SEX, 1963.

Source: Based on 1963 census data as published  
in UNITED NATIONS, Demographic Year Book, 1963  
Table 5



Graphic 3.  
 EL SALVADOR. COMPOSITION OF RURAL AND  
 URBAN POPULATION, BY AGE AND SEX, 1961.

Source: Based on 1961 census data, as published  
 in UNITED NATIONS, Demographic Year Book, 1963  
 Table B.

But when the population is classified as Rural and Urban population, differences are presented, more or less the same in each country. Population under 15 years is larger in the rural areas with the migration changing the pattern over this age. The females migrate to the city at lower ages, working mainly in domestic services.

The structure of age and sex present another problem: since about half of the population in the 15-69 age group are women, of whom only a small fraction are employed (a large part in domestic services, with very low wages) the actual burden of dependency in the Region is even greater than the figures suggest. That means, really, that a much smaller proportion of the total population must provide the goods and services necessary for supporting the non-working population. (See Table #7.)

#### Social Characteristics of the Population

The ethnic composition of Central America changes from one country to another. In 1950, almost 98% of the population of Costa Rica was classified as white; at the other extreme Guatemala classified 54% of the total population as pure Indians. In Honduras, 90% of the

population was classified as mestizos (mixed blood of Indians and Spaniards). In El Salvador and Nicaragua the predominant group are the mestizos, with a large group of white people in El Salvador.

White and mestizos are concentrated in the cities with the Indians remaining in rural areas.

#### Education

"A widespread social and economic problem in the region, affecting the rate and level of economic development is the illiteracy of large sectors of the population. Here cause and effect are obscured by the vicious circle of economic backwardness and poverty creating the conditions that give rise to illiteracy, and illiteracy contributing to a perpetuation of poverty and lack of economic progress."<sup>21</sup>

The most dramatic difference in illiteracy is presented between urban and rural population, with the rate in urban population being half, or less than half that in the rural population, for age groups of 10 years and over.



Table #8.

## Illiteracy, by Age, Rural and Urban Population, 1950, 1963.

Country	Illiteracy rate (%) of people of 10 years and over				
	Total 1950	Urban	Rural	Total 1963	Change in rate 1950-63
Costa Rica	21.2	8.1	18.5	14.6	-6.6
El Salvador	57.8	32.5	73.2	52.0	-5.8
Guatemala	70.3	39.0	81.5	72.0	+1.7
Honduras	66.3			53.0	-13.3
Nicaragua	62.6	30.0	81.1	49.0	-13.6

Source: United Nations, Human Resources of Central America, Pages 20 and 21.

IDB, Fourth Report.

In spite of the efforts of the governments, illiteracy remains the main characteristic of the population in the region. It is the main constraint for development.

### The Economy

Central American Gross National Product in 1961 was US\$2,300 million, that represents a per capita income of about US\$200.<sup>22</sup> It is estimated that Latin America as a whole, including Central America, had US\$307 the same year. The United States G.N.P. per head was \$2790.

That means that the income of Central America was almost 65% of Latin America as a whole. In 1950 the Central American per capita income was estimated at US\$175.00.

In spite of development plans the optimism about the future is not unanimous. In the following three tables, presented by Professor Rosenstein-Rodan in the Review of Economics and Statistics in May, 1961, a future not so optimistic is outlined. If it is so, in 1976 still the five countries will be in the underdeveloped

group of nations. It is not my purpose to make any evaluation of the economic plans, but the presentation of these is made with the purpose of reinforcing the need for an effort in order to develop the nations. It must be a wide, drastic, and comprehensive mobilization of all the resources of the countries.

The economy of the five countries is characterized by their heavy dependency on four commodities for exports: coffee, cotton, cacao and bananas. The development of industry is a relatively new trend; services are growing with a big influence of the employment of the public sector.

The economic activities: Exports

The two most important exporters are El Salvador and Guatemala with three others in order: Costa Rica, Nicaragua, and Honduras. Since 1955 the total value of exports of the five countries grew from \$418.3 millions in 1955 to \$494.2 millions in 1962. Of the five countries, El Salvador was the country with the greatest increase, from \$106 to \$136.4 million, in the same period of time.

For the five countries the products exported are shown in the following Table #12; it is interesting to

Table # 9.

## Population Projections in Central America, 1976. (Thousands)

	1958	1961	1966	1971	1976
Costa Rica	1,076	1,186.0	1,394.9	1,640.6	1,915.8
El Salvador	2,434	2,682.9	3,133.0	3,658.7	4,262.0
Guatemala	3,546	3,883.2	4,501.7	5,244.0	6,108.7
Honduras	1,828	2,001.8	2,331.8	2,716.3	3,149.0
Nicaragua	1,378	1,518.9	1,773.7	2,066.1	2,406.7
20 Latin American Republics		202,608.7	229,954.1	262,364.7	300,536.1

Source: Rosenstein-Rodan, Paul. Ibid., Page 123

Table # 10.

Gross National Product per Head (US\$)

	1961	1966	1971	1976
Costa Rica	278.2	274.2	276.9	288.4
El Salvador	191.1	189.8	194.9	203.6
Guatemala	184.1	184.1	189.5	198.0
Honduras	179.8	178.9	184.2	193.3
Nicaragua	206.0	204.5	208.5	217.8
20 Latin American Republics	307.1	328.6	356.1	390.1

Source: Ibid., Page 126.

Table # 11.

Gross National Product Projections in Central  
American Countries and Latin America as a Whole

	1961 GNP	1966 GNP	1971 GNP	1976 GNP
Costa Rica	330	382.5	454.3	552.7
El Salvador	513	594.7	713.2	867.7
Guatemala	715	828.8	993.9	1209.3
Honduras	360	417.3	500.4	608.8
Nicaragua	313	362.8	430.9	524.3
20 Latin American Republics	62,228	75,559.3	93,419.0	117,247.1

Source: Rosenstein-Rodan, Paul, International Aid for Underdeveloped Countries, Page 119.

Table # 12.

Central America. Exports, by Products,  
in Percentages.

	1955	1959	1962
coffee	58	50	42
bananas	18	15	13
cotton	11	14	17
wood	2	3	3
meat		1	2
sugar		1	2
cacao	2	2	2
others	<u>9</u>	<u>14</u>	<u>20</u>
	100	100	100

Source: O.A.S. Economic Report on Latin America, 1964,  
Part II.

observe that the prices of these products tend to decline and that in general terms the markets of the world are saturated of these products.

At the same time that the concentration of exports is in few products, they are concentrated in few markets.

Table # 12 shows the distribution by products of the exports (in % of the total exports).

The United States and Canada are the most important markets with 49.6% of the total; Europe 33.7%; Central America itself 7.0%, and Japan 6.3%. All the others are only 3.4%.

Central America, because of its limited size, produces a small part of the supply of these products; the five countries can not expect to influence the international market using the supply and demand mechanism. In general terms the estimates for the future conditions of the markets for Central American products are not favorable. That means that the five countries only have one alternative: industrial development by expansion of national markets and imports substitutions.

#### Production of Goods and Services

The analysis of the three sectors of the Central



American economy give us as a main characteristic the dominance of the agriculture. The Service sector is growing very fast and at the end of the 1950's surpassed slightly the Primary sector.

Industry represents between 15 and 22% of the G.N.P. in all five countries in 1960 (Table # 13).

During the fifties the variation of the three sectors can be summarized:

1. The primary sector grew at a 3.7% annually during 1950-55, and declined to 0.6% from 1955-1960.
2. Manufacture kept almost the same rate all the 1950's.
3. Tertiary activities remained almost at the same level.

The growth of services is expected to occur in the stage of development of these countries, because services can not be imported, they must be created in each country. But the decline in the rate of growth of the primary sector was larger than the expected one; it was a negative element in the process. The industrial growth was mainly in traditional industries; a better achievement of the industrial production would have been possible if the industries were more diversified.

Table # 13.

Central America. Structure of the G.N.P. by Sectors of Economic Activity and by Countries (in percentages of G.N.P.)

Sectors and big segments	Costa Rica		El Salvador		Guatemala		Honduras		Nicaragua	
	1950	1960	1959	1959	1950	1960	1950	1960	1950	1960
Agriculture	45.2	35.8	43.4	37.9	41.2	31.1	55.1	44.1	45.4	36.6
All the primary sectors	45.9	36.3	44.1	38.3	42.9	32.8	56.5	45.1	47.8	39.3
Manufacturing	10.7	11.0	11.4	14.9	14.9	17.3	8.1	12.0	10.1	12.3
All the secondary sectors	14.6	15.0	17.1	22.2	19.6	22.2	12.2	16.0	13.2	17.4
Tertiary Sector	30.5	48.7	38.8	39.5	37.5	49.0	31.3	38.9	39.0	43.3
G.N.P.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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Source: O.A.S. Estudio Economico de America Latina, Page 346.

Table # 14.

Central America: Growth of the Economic  
Sectors, 1950-1960.

(Rates of annually cumulative growth)

	1950-55	1955-60	1950-60
I Primary Sector	3.7	0.6	2.1
II Secondary Sector	6.8	5.8	6.3
Total Production of Goods I + II	4.5	2.2	3.4
Tertiary Sector (Services)	6.6	5.4	6.0
Total G.N.P.	5.3	3.5	4.4

Source: O.E.A., Estudio Economico de la America Latina,  
1962, Page 348.

As a consequence of the low rate of economic growth and the increase of population, the per capita income grew from 1950 to 1955 at a 2.2% rate and between 1955 and 1960 only at 0.3% (Table # 15). In some cases the rate was negative, as in Honduras and Nicaragua.

#### Population Activities

The proportion of population working in Primary Activities in Central America in 1950 was 69.4% of the economically active population. The percentage of G.N.P. that is generated in this sector is only 46.7 (Table # 17).

In the secondary sector the relation is 12.8% of population versus 16.2% of the GNP as value of the production.

In the tertiary sector, 17.8% of the economically active population was working in the sector and in the same year, 1950, this sector represented 37.1% of the G.N.P.

Table # 15.

Central America. Growth of Gross National  
Product Per Capita, 1950-1960, By Countries  
(Rate of growth annually accumulative)

Country	Rate of Growth		
	1950-55	1955-60	1950-60
Costa Rica	3.8	0.2	2.0
El Salvador	1.6	1.2	1.4
Guatemala	1.7	0.9	1.3
Honduras	-1.1	0.7	-0.3
Nicaragua	6.4	-2.6	1.8
Central America (Total)	2.2	0.3	1.2

Source: O.E.A. Estudio Economico de America Latina, Page 350.

Table # 16.

Central America. Structure of the G.N.P.,  
by Sectors of Economic Activity, 1950 to 1960  
(In Percentage of G.N.P.)

Sectors	1950	1955	1960
I. Primary	46.7	43.1	37.5
II. Secondary	16.2	17.5	19.4
I + II. (Goods)	62.9	60.6	56.9
III. Tertiary (Services)	37.1	39.4	43.1
G.N.P.	100.0	100.0	100.0

Source: O.E.A. Estudio Economico de America Latina, Page 343.

Table # 17.

Structure of the Economically Active Population, by Countries  
and Sectors, 1950-60.

(In Percentage of the Total E.A.P.)

Sectors	Costa Rica		El Salvador		Guatemala		Honduras		Nicaragua	
	1950	1960	1950	1961	1950	1961	1950	1961	1950	1961
Primary	54.4		63.4	60.3	68.4		83.5	66.1	68.6	
Secondary	15.9		14.4	16.9	14.3		7.0	9.6	14.3	
Tertiary	29.2		22.2	22.8	17.3		9.5	24.3	17.1	

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Source: O.E.A. Estudio Economico de America Latina, 1962, Page 355.

Table # 18.

Central America. Relation Between Population  
Product by Sectors, 1950.

Sector	Percent of the G.N.P.	Percent of the Economic Active Population
Primary	46.7	69.4
Secondary	16.2	12.8
Tertiary	37.1	17.8
Total	100.0	100.0

Sources: Tables # 16 and # 17.



These differences can be an index of problems of productivity in the labor force. An important fact is the existence of disguised unemployment in agriculture.

### Imports and Trade

The imports of the five countries in 1960 were US\$514 million; it was an increase of \$136 million over the figure of 1954. In 1962 the total of imports was US\$549.227 million. The same year the Intra-Central American trade was US\$50.4; that represents an increase of 607.5% over the 1950 figure and an increase of \$36.9 over the 1961 figure. The increase of intra-Central American trade and the change in the structure of imports from consumer goods to raw materials, lubricants, etc., are two of the most favorable indices of the increasing success of the Economic Integration Programs. That will be analyzed in the next chapter.

### Conclusions

This really dark picture of a human society is the representation of the meaning of poverty, underdevelop-

ment, and economic as well as political crisis. It is possible to find thousands of new figures that will present new aspects of the same poor society. The objective of this chapter is not an exhaustive analysis of underdevelopment; it is to present a frame of reference for an urban policy and to discover what can be the characteristics and constraints of such policy.

Let me point out some features from the information presented here that are of particular relevance for the thesis:

1. The cultural background of the region is largely Indian; that was not substantially changed by the colonization or by the new republics. Today it is still very strong in rural areas. The required changes in attitudes and values can be achieved by the development of a new urban society.

2. The population distribution has almost the same pattern in the five countries, with the rural village playing an important role.

3. The failure of the political union in the 19th and 20th Century has created some constraints that are important today in the creation of a new Central American union.

4. The competition for land, mainly rural land,

is important only in El Salvador; all the other four countries had plenty of it, with relation to their population.

5. The agricultural activity, with heavy dependency on labor intensive techniques for producing raw materials that have limited markets and declining prices will not provide enough employment for the growing population. This situation would increase the emigration of rural families toward the cities.

6. Another characteristic conducive to urbanization is the population growth rate, with high birth rate and declining death rate. The new population has only one alternative: to live in the city in which an opportunity of working might emerge some time, "mañana".

7. The low level of education is one of the major constraints to the development of these countries, a situation that has remained almost without change during the last decade. Cities will emphasize their role as educational centers.

8. The prospect for industrialization seems to be largely oriented toward internal markets. The reduced size of this market and the acquisitive power of the population imply a policy of limited investment. Planning for this investment is a requirement that must

be extended to infrastructure investment because of the high competition for resources in the social sector.

9. The large sector of population still depending on agriculture and living in rural areas requires the consideration of land reform laws that change the feudal pattern of land tenure and exploitation. Such measures will have an economic as well as a social impact on these countries. This does not imply that the flow of migration can be shifted toward the rural areas, but perhaps it can be slowed down and, anyway, the living conditions of farmers will be improved.

Urbanization in Central America must be considered closely related to the conditions of rural areas, because the differences between both "worlds" are so big that any change in one side can imply unplanned reactions in all the country. The location of a new industry or a new housing project can attract thousands of families, with the consequences of social and economic pressures and problems.

The limitations in the communications systems are compensated by the high level of the expectations of the people, almost all the time well over the crude limits of reality.

## CHAPTER III

### THE ECONOMIC INTEGRATION MOVEMENT OF CENTRAL AMERICAN COUNTRIES

The Economic Integration has been developed in a pragmatic way. It was not the formulation of a model and its consequent application. It is really a process, oriented by general goals that have been used as guidelines for official action. Gradually a complex framework of institutions and programs has been created.

One of the first official statements about the integration was made in June, 1951, in ECLA's Fourth Session, held in Mexico City; the Ministers of Economy adopted Resolution # 9, which can be considered as one of the foundations of the Economic Integration Movement. This resolution expressed the interest of the Central American Governments in "...developing the agricultural and industrial production and the transportation system of their respective countries in such a manner as to promote the integration of their economies and the creation of larger markets through the exchange of their products, the coordination of their development plans and the creation of enterprises in which all the countries or some of these countries may be interested."<sup>24</sup>

The forces acting as the background of this movement can be found in the poor economic conditions of the five countries described in Chapter II, as well as the political and historic traditions of the area.

The movement emerges as an economical one. From 1951 up until today a large process has been in operation.

#### Goals of the Integration

The best statement of the goals of the integration movement is the declaration of the five presidents.

On March 19, 1963 the five presidents of the Central American countries signed in San Jose de Costa Rica the "Declaration of Central America."

The Presidential declaration is based on two premises:

1. "Improved well-being for the peoples of Central America demands a dynamic development program based on the carefully planned use of human, natural, and financial resources. It also requires important changes in the economic, social, and administrative structure.

2. The best hope for the development of the region is through economic integration which is laying the groundmark for regional planning in which sectorial plans of common interest serve as a point of departure."<sup>25</sup>

This declaration can be considered the most clear and specific formulation of the goals of the Integration movement. It summarized the first stage and presented the guidelines for future action.

Within this context the Presidents defined a set of seven goals of the integration movement:

1. "To accelerate the establishment of a customs union.
2. To formulate and implement national economic and social development plans, coordinating them at the Central American level.
3. To progressively carry out regional planning for various sectors of the economy.
4. To establish a monetary union and common fiscal, economic and social policies.
5. To cooperate in programs to improve the prices of primary export commodities.
6. To complete, as soon as possible, the necessary reforms in the fields of agriculture, taxation, education, public administration, and social welfare.

7. To establish relations with other nations or regional groups having similar objectives."<sup>26</sup>

In addition, the Declaration proposes the following:

1. Loans for the Central American Bank for Economic Integration.
2. Establishment of a Central American Integration Fund.
3. Efforts to obtain other free world resources.
4. Procurement of assistance for a regional mortgage system.
5. Establishment of trade and promotion offices.

The two premises are of great importance for our purposes: the needs of a development program, and changes in economic, social and administrative structure can be used as a background for any urban program oriented toward change in the present status of the local governments.

The second one, referring to sectorial plans at the Central American level as a point of departure for the economic integration can open the door to a broad approach to urban planning at the Central American level.

It is true that in the minds of the Presidents the focal point was economic planning but the broad formulation



of these statements can be used in support of a new role for urban planning.

The continuous references to administrative reforms is a clear index that a well prepared plan for administrative reform can obtain at least theoretical support on the official declarations of the five governments.

The preparation of National Plans in the five countries now is oriented by the goals adopted by the five presidents. The coordination of such plans and the preparation of sectorial programs are now in their first steps.

As part of this task the five governments are preparing a Development Policy for Central America that will be adopted in 1965, in a special session of the Central American Economic Council.

#### Implementation of the Integration

During the last years programs have been prepared in different areas in order to achieve the goals of the five countries. In April, 1963, there was a special meeting in Managua, Nicaragua in order to discuss the implementation measures of the Presidential Declaration.

The measures adopted were mainly short-term programs, involving: highway systems; a Central American cadastral survey; grain storage systems; the interconnection of power systems and telecommunications.

Projects adopted represent an investment of US\$100 million.

Today the activities related with the integration cover partially the following fields:

1. Free trade
2. Common Tariff for Foreign trade
3. Custom Legislation
4. Trademarks
5. Industrial Development
6. Agricultural Development
7. Development of infrastructure: Roads, Transportation, Tele-communications, Electric Power; Cadastral Program, Housing, Natural Resources.
8. Labor problems and potentiality
9. Regional Programming
10. Education and Public Health

In order to carry out those activities the following institutions have been organized:

1. A Central American Economic Council composed of the Ministers of Economy of each country in charge of directing integration and coordinating economic policy.

2. An Executive Council composed of a high-level official appointed by each country, responsible for applying and administering the Integration Treaty.

3. A Permanent Secretariat of the General Treaty for Central American Economic Integration (SIECA). A juridical entity, headed by a Secretary General.

4. A Central American Institute of Industrial Research and Technology (ICAITI) to advise the governments and private enterprise in the area.

5. An Advanced School of Public Administration (ESAPAC) to provide training for high-level officials of the government and autonomous agencies.

6. An Institute of Nutrition of Central America and Panama (INCAP) responsible for studying the problems of nutrition in all the region and Panama.

7. The Organization of Central American States (ODECA) as a political organization that promotes the integration as well as economic, cultural and political activities.

8. A Council of Central American Universities (CSUCA) as coordinator of university and advanced education.

9. The Central American Bank for Economic Integration (BCIE). It is the main financial institution of the integration.

10. A Central American Clearing House as a link between the Central Banks of the five countries.

11. A Federation of Central American Chambers of Industry (FECAICA) operating within the private sector. It is adviser to the Chambers of Commerce of the region.

The simple relation of programs and agencies gives an idea of the complexity of the process and of the variety of the activities.

In order to know what the dynamic of the process is, let us take two aspects: Industry, and Housing and Urban Planning, and see how the planning process has been operating in these cases.

### Industrial Planning

After the ECLA's Fourth Session, June, 1951, mentioned before, two types of activities have been creating the industrial programming.

ECLA has been preparing technical reports on the

characteristics of the existing industry, the size of markets, the role of industry in the Economic Development, and in general terms creating the needed background in order to understand the industrialization process and the problems related with their development in Central America.

At the same time all this technical material is channeled toward governmental authorities through a series of sessions, meetings, etc., specially prepared in order to discuss a relevant topic of the process. The priority of the issues was determined based on the theoretical needs of the programming process or on the political and administrative needs of the government

The final solution was a combination of all these factors. The main steps in the industrial programming taken up to 1964 were:

1. The Central American Economic Cooperation Committee was created, and held its first meeting at Tegucigalpa, Honduras, August 23-28, 1952. It was decided to undertake a program of gradual and progressive integration of the Central American economies.

In order to implement these decisions a large series of studies were initiated related to transportation,

power, trade, tariff, raw materials, and industries in some sectors and countries. At the same time some institutions were organized.

2. The same committee held its Third Meeting at Managua, Nicaragua on January, 1956. An evaluation of many projects previously studied was made and some additional possibilities for industrial integration were suggested.

As a consequence of this meeting another group of experts began to work on the formulation of a regime for integration of industrial development. The Central American Industrial Enterprises Commission was created, comprised of two representatives of each country, one of them belonging to the private sector, the other one from the public sector.

3. On June, 1958, the five governments signed an Agreement on the Regime for Central American Integration Industries. The main purpose is to help the establishment or development of industries that would require the whole Central American Market in order to operate under economic and competitive conditions.

4. After the adoption of the Charter of Punta del Este ECLA prepared an extensive report on the needs

of Central America in the industrial sector.

ECLA estimated that "...in order to reach a median per capita income rate equivalent to at least 2.5% per year during the next decade, in accordance with the aims established in the Punta del Este Charter, the demand for manufactured products would have to increase from US\$1,328 million in 1960 to US\$2,728 million in 1970. On the other hand, based on the capacity to import prospects, it can be foreseen that internal regional production would have to increase from US\$848 million to US\$1,848 million, in order to fill the gap in the demand for manufactured products which could not be satisfied by imports. For such an expansion manufacturing industry would require new investment of approximately US\$950 million at 1960 prices."<sup>27</sup>

The achievement of these goals in investment and production would require a large mobilization of resources as well as a clear understanding of the process of industrialization by the actors of the process in the public and private sectors.

5. Now the technical institutions began to develop a set of technical reports on the needs and characteristics of the industrial sector. They began

to present the idea of a Central American policy of industrialization.

In the Fifth Meeting (August, 1963) the Economic Council expressed the convenience of the definition of a Central American Industrialization Policy and decided to concentrate on that topic in the next meeting. They asked ECLA and SIECA for the preparation of working papers to be considered in this meeting.

6. At the Sixth Meeting, held on January 29-February 1, 1964, an industrial policy was adopted:

1. "The industrialization of Central America must be carried out with clearly defined objectives of a regional scope. Based on that, the industrial structure must include the establishment of industries that will produce raw materials and intermediate goods as well as substitution of consumption goods. The use of natural resources of the area must be increased in all this process.
2. A Central American program must be established for the vigorous promotion of industries that tend to increase the dynamic aspect of industrialization, because of their multiple positive effects in the productive system. At the same



time existing industries must be helped and stimulated to specialization and modernization.

3. The Executive Council of the General Treaty shall execute the program, in consultation with private enterprise organizations. The ICAITI and the SIECA shall advise the Council on technological and economic aspects.
4. The Central American Bank for Economic Integration shall be in charge of promoting the establishment of those industries and keep in touch with the "Institutos de Fomento de la Produccion" and private enterprise."<sup>28</sup>

It was agreed that the above mentioned program should follow the criterion of balanced growth among the countries of the area.

After this meeting the activities of economic planning have been concentrated in the preparation of National Development Plans, that will coordinate later and will be the base of sectorial plans for Central America as a whole. One of the steps in this direction is the formulation of a "Development Policy for Central America" that is scheduled to be discussed in the 1965 Ordinary Meeting of the Central

American Economic Council.

### Urban Planning within the Integration Movement

From the beginning Urban Planning was linked to Housing. The main reason for this decision was the administrative structure of the five countries. All of them have Housing and Planning Institutes. Another factor is that the International Agencies have the same approach.

The process related to urban planning can be summarized in the following way:

1. In the Fourth Session of the Central American Economic Cooperation Committee, held in 1957, it was decided to convoke a meeting in order to discuss Housing, Building and Planning Problems within the Central American countries.

This was the final point of a series of actions that began with an informal talk of the directors of Housing and Planning Institutes during the First Technical Meeting of Housing and Planning in Bogota, Colombia in 1956.

2. The Meeting on Housing, Building and Planning was held in San Jose de Costa Rica, November, 1957. In it were discussed topics such as: Housing and Economic

Development; possibilities of development of the industries of building and materials, and general problems of physical planning in the area. The most important recommendation was related to the organization of a Subcommittee on Housing, Building and Planning.

3. In June, 1958, the Subcommittee was organized. Its members were the directors of the National Agencies working on Housing and Planning. The first meeting was held in October, 1958 at San Jose de Costa Rica. Decisions were related to the working programs for the next years. It was mainly on housing, and the only reference to urban planning was the decision to compile and evaluate the laws in the field of urban planning.

4. On May 13 to 19, 1963, in San Salvador, the second meeting of the Subcommittee of Housing and Planning was held. There was only one recommendation related to urban problems: the need of providing the National Housing Institutes with legal power to acquire urban land in order to avoid the speculation and facilitate the realization of the housing programs.<sup>29</sup>

Analysis of both cases

The planning process behind the integration movement

is a good example of how a group of experts can work together with politicians and the private sector and produce, in spite of severe limitations, a complex set of solutions for many of the problems of the area.

The coordination of actions of technicians and politicians produced a series of organizations at the Central American level that are handling the integration movement working together with the private and public sector of each country.

The two cases summarized represent what are the feelings of the technicians about industrialization and urbanization. This may represent the feelings of the politicians as well:

1. Industrialization received all the attention and around this activity a complete framework of programs and institutions has been organized. In a long process of eight years the five countries have formulated a policy and are implementing it. The steps did not follow a classical model. Instead of formulating a policy at the beginning it was made eight years later. It seems to me that the group has had an implicit policy all this time, but it is interesting to observe that formally the idea of a policy emerged in the last years, at a time when the institutional framework was completed.

2. The industrial policy adopted is oriented toward the economic aspect of the process. The role of the Central American agencies is defined but the beneficiaries of this process are not even mentioned. The concern for the conditions of the workers, the role of the labor unions, the tax systems, are not presented in the policy. But a positive step has been adopted after the formulation of this policy. It is the study of labor problems. In April 20 to 23, 1964, in San Salvador, the Ministers of Labor of the five countries met and the problems of the area in the labor sector were discussed, for the first time in the integration process. In this meeting two Commissions were created: Labor and Welfare, and Labor Legislation, as well as a "Central American Council of Labor and Welfare".

The other aspect neglected in the industrial policy is the location of the industries. The only measure adopted in the industrial studies is the decision concerning in which country an industry must be located in order to receive the benefits from the integration legislation (tax benefits, etc.). In some particular cases a city has been suggested, but the implementation of these recommendations is rather limited.

3. In the case of Housing and Planning the results

of the process can be considered as complementary of the approach to the urban aspects presented in the Industrial sector. The housing aspect was more important to the National Agencies than the urban one. In the last instance it is possible to show a new neighborhood or some hundreds of new houses, but the advantages of urban planning are not so evident to many groups of citizens.

#### Consequences of Neglecting Urban Planning

No evaluation of the consequences of neglecting urban planning has been made up to date. But from different reports that have been published it is possible to present some problems that can be attributed to this attitude.

Among the industrial policy problems in Central America presented by the Economic Commission for Latin America,<sup>30</sup> the following one can be related to this lack of urban planning:

With reference to private enterprises operating industries ECLA said: "Decisions would always be adopted in relation to the Common Market as a whole. This would tend to eliminate the current practice of many investment

promoters of travelling through the five countries, often with the aim of selecting the most suitable site, not from the point of view of regional development, but from the angle of where the maximum profits might be obtainable."<sup>31</sup>

It is clear that local authorities are ready to welcome a new industry. That sophisticated economic model prepared in some parts of Central America is something remote or unknown to them. These authorities do not have, or do not agree in what is called "the most suitable site" from the point of view of Central America.

This location of industry in an unplanned or limited-planned fashion has an incidence on the poor families of the area.

In July, 1961 it was estimated that the entire population of Managua, the capital city of Nicaragua, spent in urban transportation a sum of money equal to "...twice of the total expenses in electricity in the city and that these figures were twice the budget of the Ministry of Public Health and larger than the budget of the Ministry of Education."<sup>32</sup>

The location of different types of investment, industry and infrastructure is raising the value of urban land. The tax system in the cities has not been

successful in avoiding the land speculation. In 1963, the subcommittee of Housing, Building and Planning recommended to the Central American governments "...to provide the housing agencies with legal powers for the acquisition of land for their new projects."<sup>33</sup>

It is possible to conclude that the active integration of urban planning in the integration scheme would have produced a most efficient implementation of the economic programs, and at the same time programs of development of the infrastructure in all the cities would have produced more benefits to the urban population.

The evaluation of the cost of transportation in Managua presents one aspect that must be considered as the most important in any public program: the social cost. What would be the benefits to the population if an efficient urban planning scheme is incorporated into the integration movement? I do not have any evidence in order to present a figure or to build up a hypothesis on this respect but the isolated examples presented above are indicative that some of the "published problems" can be solved or relieved using urban planning and having local urban governments with enough power and resources.



## Conclusions

The study of the integration movement leads us to a question. Can the Integration movement give adequate solutions to the Central American problems? It is difficult to answer that question. It will be useful to look at another type of organization working in the same problem: The Partido Unionista Centro Americano (Central American Unionist Party).

The party was organized in 1899 with the main goal of achieving the union of the five countries in a single unit. It has been considered an intellectual movement rather than a political organization. During its life the party has varied its orientation, sometimes to the right, sometimes to the left, but it has provided a political background for the integration ideals.

In 1953, one of its members, Alberto Herrarte advised the party about the formulation of goals for the integration: "The party must have a defined ideology to lead not back to the Provincias Unidas of Morazan<sup>34</sup> but to a new Central America. The party ought to be one of revolution, not to produce a simple change in the ruling oligarchies, but a fundamental change in the social, political and economic structure, so that Central America might emerge from the state of barbarism and prostration in which

she finds herself and be a nation free and prosperous, an authentic democracy, a country in which, at the side of social justice, flourishes exuberantly respect for human personality."<sup>35</sup>

I am not easily impressed by the fluent use of the Spanish language by Latin American politicians, but from both approaches to the integration, from the cool economic model and the passionate political statement, two extreme alternatives seem to emerge. The solution may be in some place between both extremes.

The integration, in the way that it is carried out today is overlooking the social and cultural aspects of the development process.

The political approach does not present the forms of implementation. In the politicians' approaches, not only in Central America, but in all Latin America, from the extreme right to the extreme left, is a common approach: centralization. Let us look to the history in order to explain this attitude.

In other parts of Latin America when the families of Spanish blood, called creoles, demanded reform or autonomy, Spanish troops loyal to Madrid were able to quell the revolts. In a second stage the creoles called on the mestizos, and after a sometimes bloody struggle Spain was

defeated. In the new governments the hopes of the mestizos vanished; the creoles dominated the political life. The border line was not social but based on economic and political power.

In Central America the process was different because when a small minority rose against Spain, Madrid decided to give up and no war of independence was required. Mestizos and Indians did not participate. All the political process had been performed by a small minority. With the exception of Costa Rica, this is the general rule up to today. Today the right factions as well as those of the left are trying to get the leadership, the top of the system; both factions strive in the name of those at the bottom, but nobody seems interested in the effective organization of a democratic society with the full participation of all the citizens.

If the entire process of integration is analyzed it is important to note that it took fifteen years to arrive at the present situation in which the plans are taking a definite form. It is useful to realize that in general terms this is a process of economic promotion in which the interests affected are very limited, mostly of sentimental character, i.e., concepts related to local pride, or so on.

But the true realization of the integration goals

would require the emergence of a society capable of consolidating these economic achievements and complementing them with a more difficult and complex set of cultural changes. How long will it take to produce such a new society?

Looking back to Chapter II, the social differences among the five countries look like a paramount obstacle, but at the same time it is possible to conclude that when the scale is reduced to a local community there are as many common aspects as there are differences.

Poverty, illiteracy, traditions, language, history, are common features that can be used in this task of building up a new society. They can help to define and organize strong local units that within the frame of reference of Central American ideals would lead to the desired solution.

In summary, I would like to express my point of view related to the integration process. The preparation of a sophisticated economic mechanism is a useful job. It is a required stage, but it is not enough.

It must be complemented by steps oriented toward radical changes in the political and administrative structure of the five countries. The presidents of the five countries were in agreement that those "...important changes in the economic, social and administrative structure were requir-

red"<sup>36</sup> but they do not spell out which changes, nor how and when these important changes could be made.

An effective way of beginning these changes would be the organization of democratic local urban governments, which can use urban planning as an effective tool for their organization and their linkage with the National and Regional levels.

This local government would be an effective channel between the development planning agencies and the common citizens, and at the same time would present the interests and values of the people to the technicians.

"The most serious threat to peaceful transition arises from the fact that the most urgently needed reform -- the political reform that will make the government more truly representative of the new urban and industrial society -- has proved to be the most difficult to achieve. Until this higher degree of effective democracy is won, other institutional changes compelled by economic development must generate dangerous tensions."<sup>36a</sup>

## CHAPTER IV

### THE CENTRAL AMERICAN CITIES

Cities are one of the most valuable resources of Central America. Economic development needs an urban environment as well as other resources, and the Central American countries have serious problems related to urban centers. Cities are relatively small in size, with a shortage of services and utilities.

The programs of integration and industrialization, as well as the investment in infrastructure have a tremendous incidence on the cities. Let us look at the main characteristics of the cities in order to consider how these programs can influence in the future the urban structure and life of Central America, and vice versa.

#### Characteristics of the Cities

In this part of the chapter, a synthesis of the main common characteristics of the cities is presented.

The variables analyzed are size, growth, and

spatial distribution. In the rest of the chapter the urban functions are analyzed together with other aspects related to the integration program.

### City Size

The main information available with relation to cities are the Census of Population and Housing. There are many anthropological studies of villages and Indian tribes, but in general terms, urbanization as a process and cities as human societies are a neglected area of research.

In Central America there were only 11 cities with 20,000 inhabitants or more in 1950 (Table # 20, Map # 3).

Latin American cities were classified in four groups by Gibbs and K. Davis:<sup>37</sup>

1. up to 5,000 inhabitants
2. from 5,000 to 20,000 inhabitants
3. from 20,000 to 100,000 inhabitants
4. 100,000 or more

Following this classification the Pan American Union presented a general description of each group that applies very well to Central America and can be used as a general description:<sup>38</sup>

1. Centers up to 5,000 inhabitants.

These are the centers of areas in which the main economic activities are primaries. They are the local market, with small handicraft and trade concentrated at the local level. The technical, economical and social levels of these cities are almost the same as that of the rural areas they serve.

They are the first stage in the migration of rural families to the main cities. Lack of local resources makes almost impossible the development of services and facilities badly needed in these centers.

2. Centers from 5,000 to 20,000.

These cities have a little more complex social and economic life. Trade is regional in scope and they have some administrative functions. Small industries are frequent, still handicraft or traditional, but market-oriented. The technological level is slightly higher than villages but still is below the capital city.

3. Cities of 20,000 to 100,000.

These can be classified as small cities. They have the characteristics of urban society. They depend on secondary and tertiary activities, mainly trade and administration. It is possible to find modern industries,



with the size and number of such activities depending on the spatial location of the city within the country. These cities are growing faster than any other group except the superior group. They play an important role as political centers, because generally they are the leading city of large rural areas. In those cities many rural families found their first experience of urban life.

4. Cities of 100,000 and more.

These are the top of the classification. In Central America all the capital cities are in this group. With the limitation of the scale they are the "metropolis" of each country, having the faster growth rate, the maximum concentration of economic activities and the center of the political and cultural life.

It is important to observe that cities of 20,000 and 100,000 are the possible alternative for taking the growing rural migration. It is accepted that they are an almost necessary step in the long journey from the farm to the metropolis. The fact that they have some sort of services and a large area of influence makes these cities a potential site for industrial activity.

According to Table # 19 in 1950 there were 478 "urban" centers in Central America; 410, or 86% were

were below 5,000 inhabitants; 57, or 12% in the group of 5,000 to 20,000; 7, or 1.18% between 20,000 and 100,000 and 4 in the upper category, which represents 0.82% of the total number of urban centers.

### Urban Growth

It is projected that the urban population will grow at a faster rate than the rural one (Table # 4 and # 21). The urban population of Central America in 1980 will be 275% of the 1950 figures.

This tremendous growth will be channeled mainly to the capital cities and other centers that can give any favorable conditions for industrial activities.

The growth of trade would imply the increase of economic activities in the ports on both coasts. Up to date there are small towns of 10,000 inhabitants or less in those points, with the exception of Puerto Barrios, Guatemala, 19,268 inhabitants in 1962, La Ceiba, Honduras, with 24,868 and Puntarenas in Costa Rica with 21,300 inhabitants. The rapid growth of cities within this area will represent an alternative to the urban growth of the Capital Cities (See Table # 22).

Table # 19.

Central America. Urban Centers, by Size and by Country. 1950

	Costa Rica	El Salvador	Guate- mala	Honduras	Nicaragua	Total Central America
Total locali- ties of:						
1,000 and over	26	120	172	104	56	478
1,000 to 1,999	11	62	85	70	27	255
2,000 to 4,999	8	38	65	25	19	155
5,000 to 9,999	1	11	17	4	4	37
10,000 to 19,999	5	6	3	3	3	20
20,000 to 49,999		1	1	1	2	5
50,000 to 99,999		1		1		2
100,000 and over	1	1	1		1	4

Source: United Nations. Human Resources of Central America, Pages 16 and 17.

Table # 20.

Population of Selected Cities in Central America  
1950-62

	1950	1962
Costa Rica:		
San Jose	86,909	115,669
Alajuela	14,000	
Cartago	13,000	
El Salvador:		
San Salvador	161,951	248,100
Santa Ana	52,000	73,864
San Miguel	27,000	38,330
Guatemala:		
Guatemala City	284,922	407,401
Quetzaltenango	28,000	33,726
Puerto Barrios	15,000	19,268
Honduras:		
Tegucigalpa	72,385	133,887
San Pedro de Sula	21,000	58,126
La Ceiba	17,000	24,868
Nicaragua:		
Managua	107,444	226,307
Leon	31,000	52,905
Granada	21,000	34,390

Source: Population Census of Each Country and U.N.  
Statistical Yearbook, 1963.

Table # 21.  
Central America. Population, by Urban and Rural  
Residence, 1950, 1980. (In thousands)

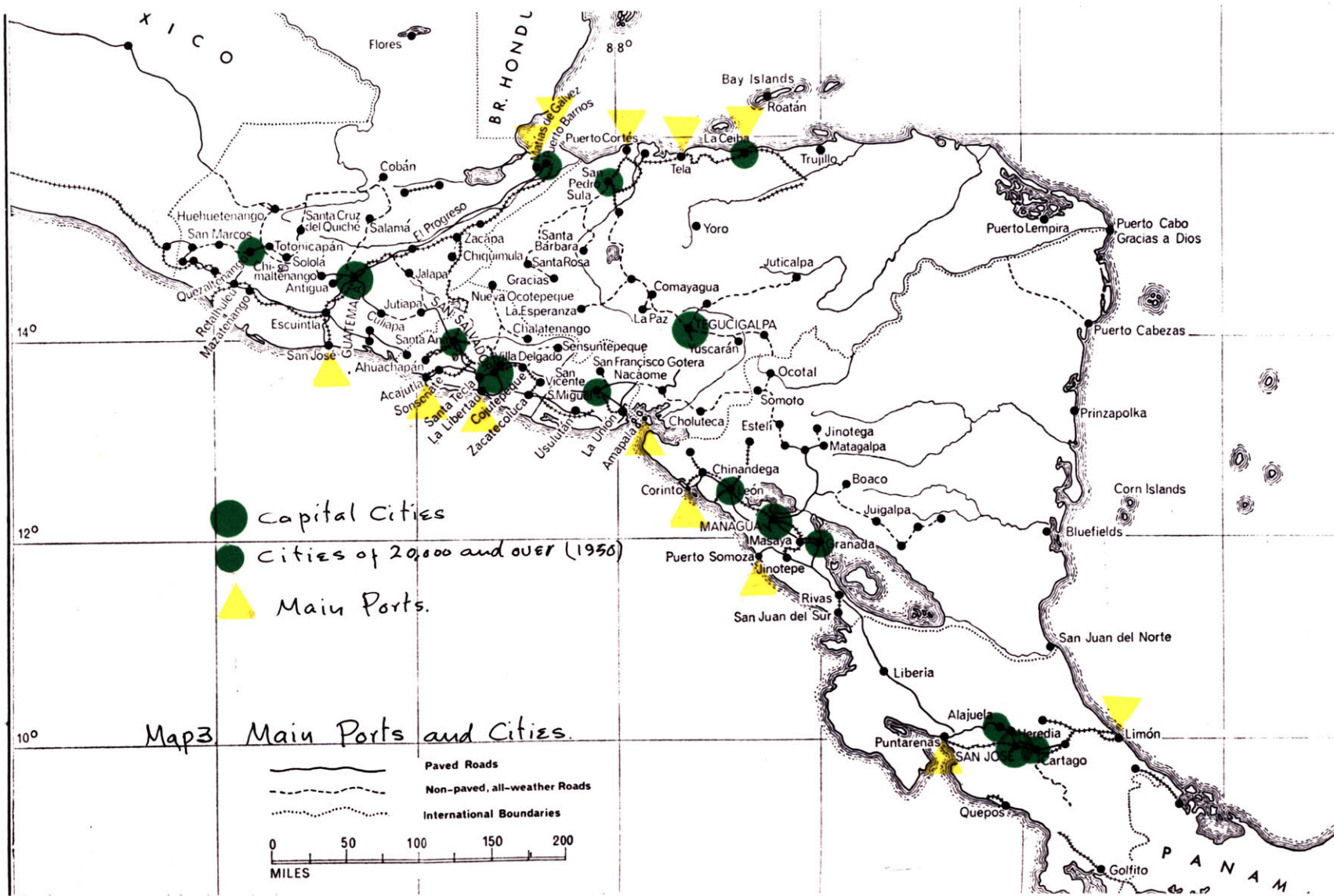
	1950	1980	
		Total	As a % of 1950
Total Population:	7,948.1	15,832.2	199
Urban	2,458.4	6,788.8	275
Rural	5,489.7	9,043.4	166

Source: United Nations, Human Resources of Central America,  
Page 40.

Table # 22.  
Population Projection for Capital Cities

	1950	1960	1963	1970
San Jose	86,909	102,000	168,000	284,000
San Salvador	161,951	231,000	247,000	318,000
Guatemala City	284,922	382,000	416,000	515,000
Tegucigalpa	72,385	107,000	131,000	160,000
Managua	107,444	191,000	299,000	316,000

Source: First Research Corporation Studies, Statistical  
Abstracts, Latin America. University of California,  
page 55.



It is not possible to make any prediction of what will be the distribution of the urban population in the next years in Central America. Even some technicians consider that the United Nations estimates are conservative and that urbanization will proceed at a faster rate.

The main fact that is important to point out here is that the population growth will require in 1980 new urban areas, almost three times the present size (keeping the same densities). Whether these new urban areas will be added to existing cities or will be new cities is something that can not be a decision of an "invisible hand". It must be a rational decision based on the interest of the societies, through a process of democratic planning.

As it was pointed out, nobody takes care of this process of urbanization. Economic decisions that will influence the final results are being planned, but urbanization is still considered as a by-product of the economic development. I strongly recommend that the future form and structure of the Central American cities must be planned carefully in order to avoid problems similar to those that developed countries are facing today.

#### Spatial Distribution of Cities

The distribution of the total population of Central

America, presented in Map #7 confirms what has been commented before: The concentration of population in the Central Plateau. But besides, it is interesting to observe the concentration of such population in areas such as the surroundings of San Jose in Costa Rica, near Managua in Nicaragua, or in the southern part of Guatemala. The high density in El Salvador makes the pattern of distribution more uniform.

In Maps # 4, # 5, and # 6 are presented the road systems and the future projects approved by the five governments, to be built up to 1970. There are no big changes planned in the system.

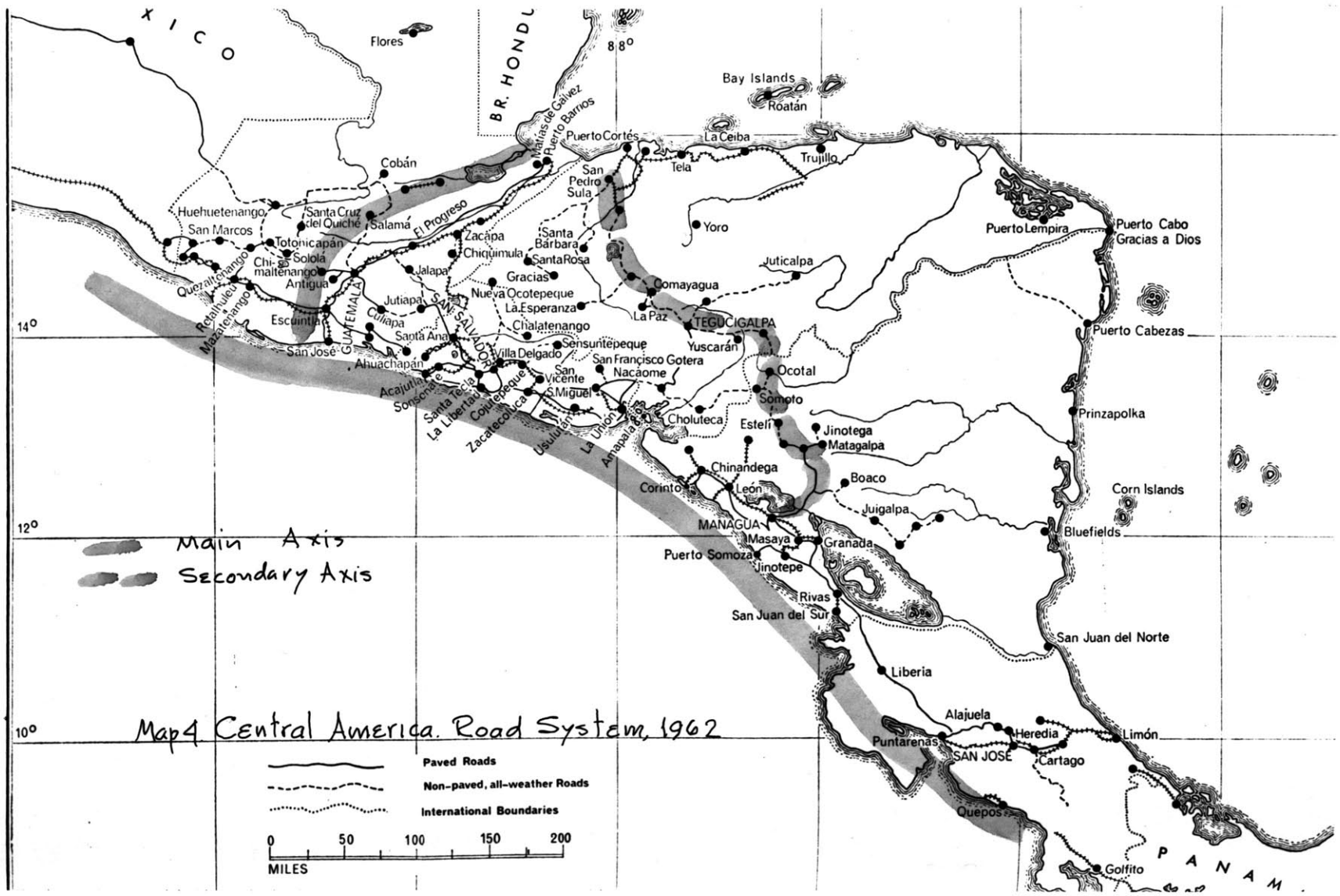
The goals of the projects seem to be:

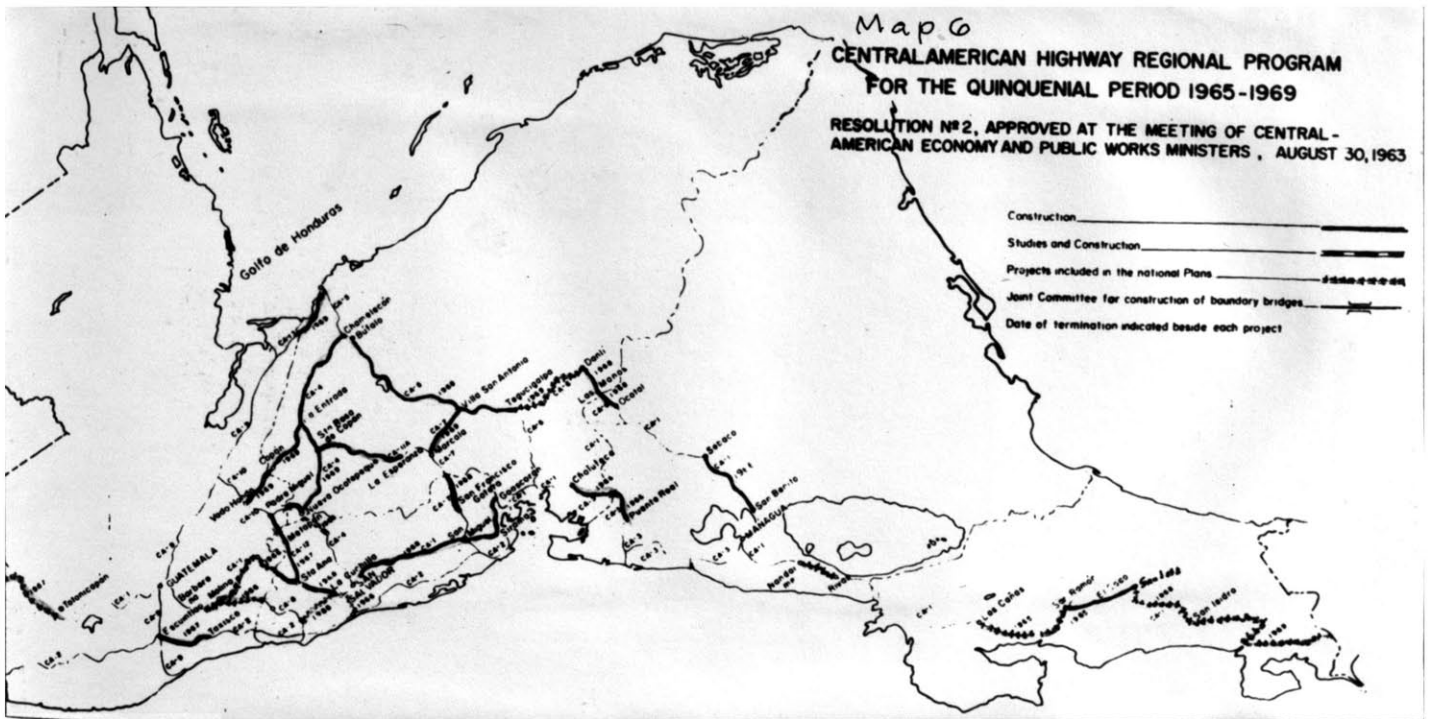
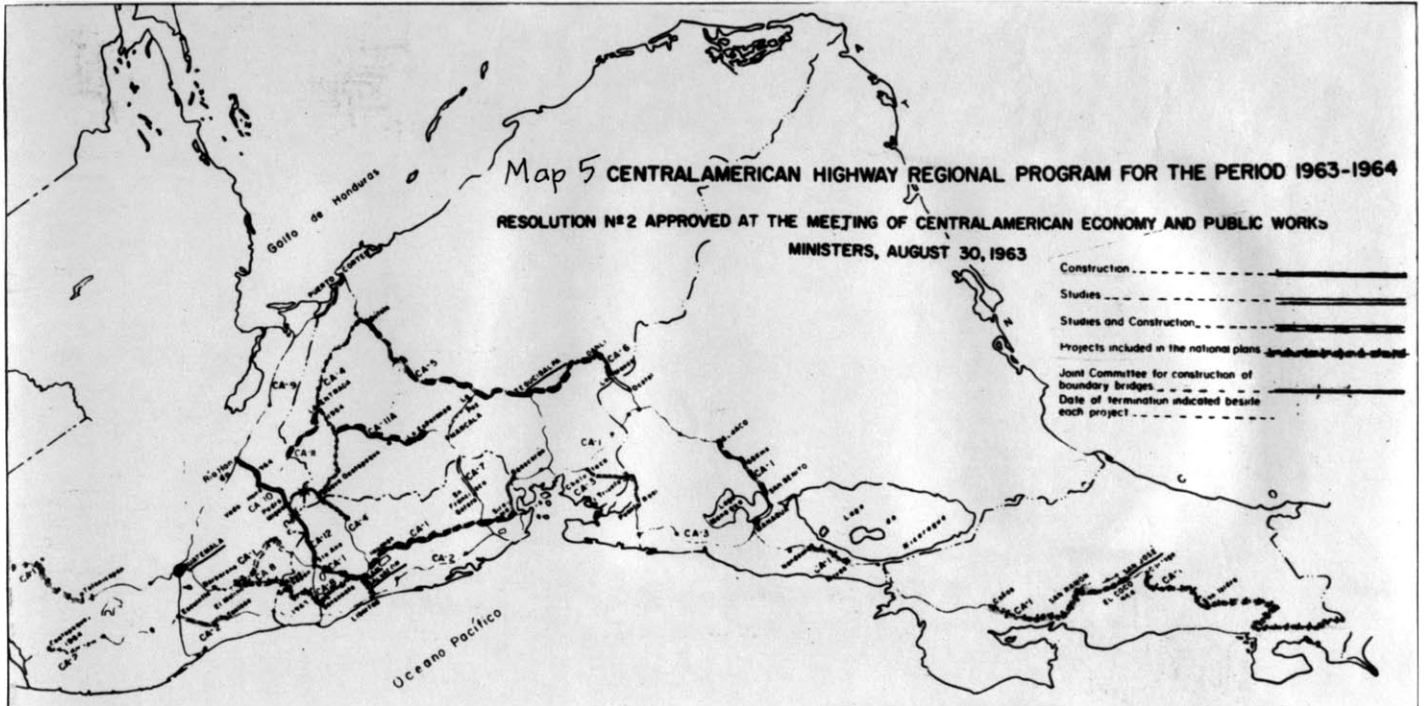
1. To link the ports and the main markets, in this case the larger cities and their hinterland.
2. To connect the rural areas by means of a set of feeding roads, from the main highways to villages and farms.

The implications of these goals would be the increase of the dominant role of the main cities, now with better accessibility to their hinterland and with better connections with the ports.

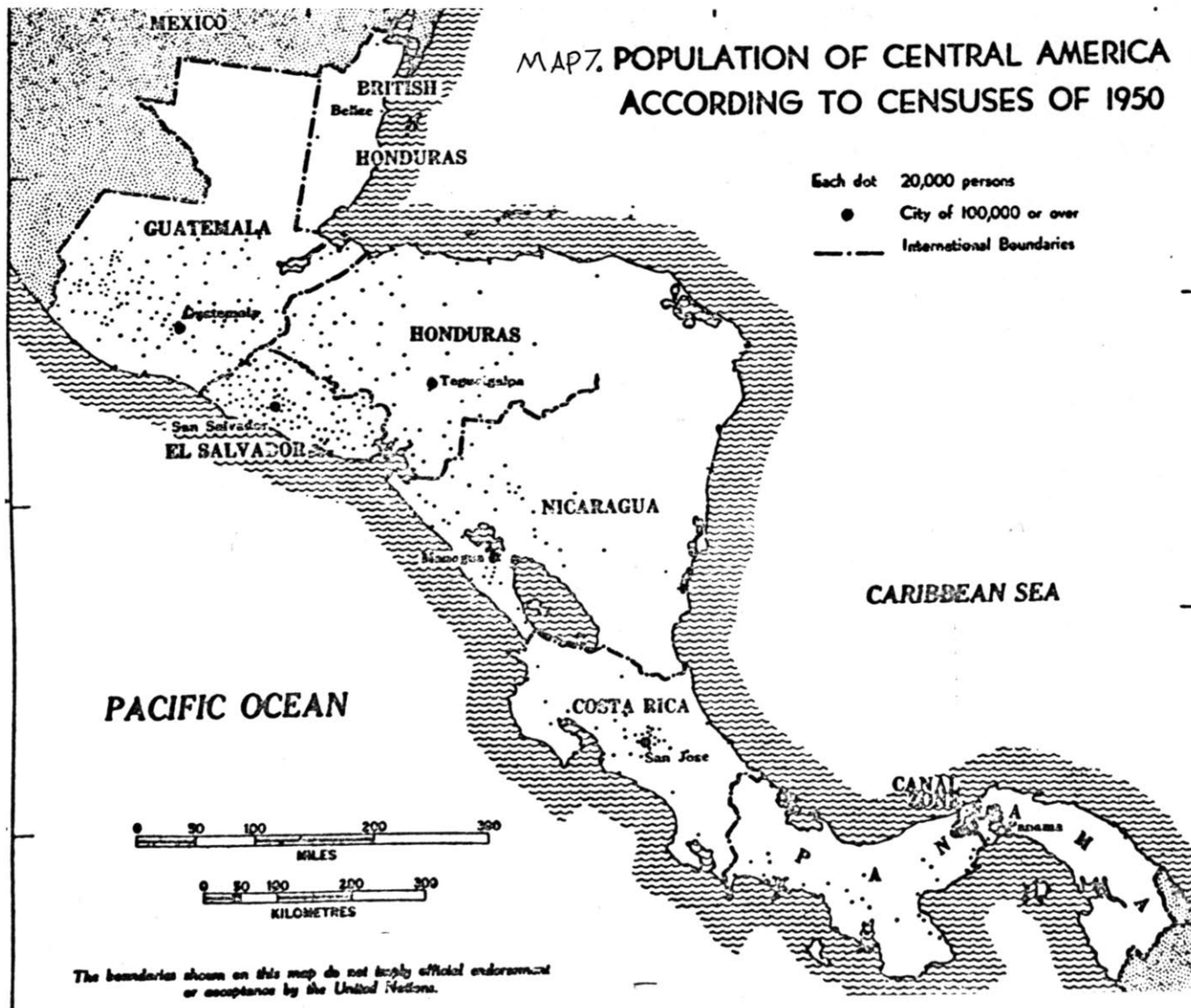
The concentration of facilities in the Pacific coast would be complemented by roads connecting both coasts, with







MAP 7. POPULATION OF CENTRAL AMERICA  
ACCORDING TO CENSUSES OF 1950



a focal point in the north of Guatemala and Honduras.

### The Emergence of an Urban Society

The concept of urban centers can be applied only to cities of 20,000 inhabitants or more in Latin America<sup>39</sup> as a general case. This is also true in Central America.

According with that, there were 11 cities in 1950, and up to date the number can be considered to be near 20 centers.

In El Salvador cities of 20,000 and over represented 12.9% of the population in 1950. In Costa Rica they represented 17.4%, in Guatemala 11.2% and in Nicaragua 15.2%. Honduras has the lowest percent with only 6.8% of the population living in these cities.

This number represents people living in urban areas but the important question here is how many of these people really are active members of an urban society.

Studies to be published by UNESCO about this matter in the city of Sao Paulo, Brazil, reveal that the majority of the rural immigrants living as squatters have not changed their rural values and attitudes after one or two years of living in the city. It is a slow process, even in the case of a city such as Sao Paulo, which has a strong urban

life.

In Central America, small cities will produce the same cultural change in a larger period of time.

The existence of a dual society can be accepted in the case of Central America, with the same general characteristics presented in Chapter I, but one important point is the interrelationship between societies.

The urban society is the most modernized and dynamic, and it is the main force introducing change in the two others.

The rural and indigenous societies are identified with traditional ones. Apparently these systems are incapable of self-generating a process of changes, in a rapid and fundamental way.

One element that has a strong force in incorporating the immigrant to the urban society is getting a job in a secondary activity. The urban workers represent a new and strong group in a developing country. The urban job is the big prize, the main goal of the rural immigrant. Really these urban workers are not a leading class in Central America. They are only just one step above the farmer, their counterpart in the traditional society.

The urban worker is shaped by the city; "The city has meant four major changes for the worker. It has incorporated, albeit marginally, into the nation's main consumption centers. It has opened the way to literacy and gradually

more extended education. It has provided him the conditions and instruments for a defensive class organization, the labor union. And it has alerted him to the existence of a central mechanism of political power that can be made responsive to his needs."<sup>40</sup>

This impact of the city is not limited to the workers but the fact that they are incorporated to an urban economy makes a stronger impact on this group.

Only a small part of the urban labor force is in industry. And a large part of those are in industries that can be classified as "traditional" in size, technology or management. Within this group, the small proprietor, family firm, and partnership absorb a big number of workers and a substantial part in the value of many production sectors. These are constraints to the impact of modern industry. Workers in these small firms are in a transitional stage.

The process of urbanization has serious limitations and implications. As it was pointed out before, "The city emancipates and modernizes slowly and selectively. Only a small fraction of the labor force is caught up in the dynamic sectors of the economy and in creating and responding to new political norms and loyalties. In view of the harshness of long-standing inequities, labor protest can be re-

garded as sporadic and feeble. The city opens the way for the worker to certain limited forms and degrees of economic, political and intellectual liberation; at the same time the city accommodates, sustains and feeds on a subculture of poverty that is not far removed from the rural or small-town models. That subculture of poverty is not a mere encumbrance that will be readily dislodged, ejected, or remolded, but an integral part of the social landscape of the city as now constituted."<sup>41</sup>

The complexity of the social functions of the city, the number of different forces that sometimes are contradictory in character, acting in the process of organization and growth of an urban society represent the best argument in favor of an urban planning function. Of course, it is true that the countries that are today in the group of developed nations did not use such a planning scheme, but the situation today in Central America does not permit waiting for a long process or for the high social cost implied in it.

The analysis of the social process of the urbanization leads us to present two groups of social functions for the cities:

1. as a catalytic agent, with relation to the rest of the country, let us call it the external function.

2. as an educational environment for the immigrants and for their families; that is the internal function.

Who takes care of both internal and external functions today in a comprehensive way?

Different official agencies have programs, education, health, housing, etc., but the entire problem of helping a society in the transition from traditional to modern is something forgotten. Immigrants pay a high social price for their adaptation to the new environment, and at the same time, society receives the by-products of this process in the form of a large set of social problems.

The agencies that are carrying on the National Development Plans must enlarge their programs and scope in order to cope with the "external social functions"; but the internal ones will be the responsibility of a capable local government which can have as one of its main responsibilities social planning.

The municipal government must cope with the social problems of the city. An urban policy of the Central governments can define goals for both groups of functions.

It is a responsibility of the countries to help the cities, because "...despite its changes and challenges,



the city still contains the raw ingredients of freedom. The city still harbors the hope in an increasingly hazardous and complex society, that the social and economic fluidity which was its historic attribute can be maintained against the chaotic forces that challenge it. It is still the market place for goods and ideas, the locus of a contractual society, the mirror for emulation, the meeting place for diversities, the center of culture."<sup>42</sup>

#### The urban economy

The reading of Chapter II gives the frame of reference for the study of the economy of the Central American cities.

Industrial activities are concentrated in the main cities. Up to 1960 the predominant establishment was the small enterprise, that usually was located in the same house of the owner or in any rented house. Table # 24 shows the average number of workers per industry that rank from 5.7 in Costa Rica to 32.1 in Honduras, giving an idea of the predominant size of industrial establishments.

The new industry, or the old plants changing technology, are building their new establishments outside of the cities, where it is possible to find large sites and

Table # 23.

Manufacturing Business in Central America,  
Number of Plants and Workers\*

Country and year	Total Number of workers in Manufacturing	Total Number of Plants	Average No. Workers per Plant
Costa Rica (1951)	18,491	3,247	5.7
El Salvador (1956)	45,448	2,472	18.3
Guatemala (1953)	20,567	1,072	19.2
Honduras (1958)	20,128	623	32.1
Nicaragua (1953)	18,899	1,575	11.9

\*Industries with four or more workers were considered.

Source: Industrial Census of each country.

when services of trucks are available.

In this transitional stage, from small "domestic industry" to large, modern manufacture, it is almost impossible to consider the impact of the production function in the cities.

Instead of an analysis of what the cities produce, what are their markets, etc., facts which are changing very fast, and do not exist, let us look at the spatial distribution of the functions and try to get some conclusions from it.

When modern industry arrived in Central America, mainly in the 1950's, the main cities were old centers, developed in a rather dense pattern of land occupation. Population density was not so high because of the type of buildings. In Guatemala City, 96% of all the buildings, in 1950, were one story high (29,705 out of a total of 31,150 buildings). This is the largest city in Central America. The lack of an efficient system of urban transportation and the limited resources of the families can be the reasons for this combination of densely occupied land with an inexpensive type of houses.

The technology of the new industries is, in general terms, similar to the one existing in the United States, factories of horizontal development, one story high, depending on the truck as a mode of transportation.

The lack of available land, cheap and of the required size, with services and facilities within the cities was the main reason for forcing the industries to build in the periphery of the city, as in El Salvador, in the Ilopango Industrial Area, where there is a lineal development along a new highway.

In Nicaragua the development of industrial parks is underway as well as in Guatemala.

In Guatemala the first park, "El Modelo Industrial Park", is located in Escuintla, 35 miles south of Guatemala City and 37 miles north of the largest port on the Pacific coast of Guatemala. It has an area of 400 acres. In the propaganda of the private developers, the "Empresa Electrica," the private power company made reference to complementary services: "There is a housing project adjacent to the property now, and if additional housing is needed, the national housing authority will provide it for the workers."<sup>43</sup> This is a typical case of "planned" industrial development.

As in the case of Guatemala, the communication system around the main cities is good enough for producing industrial sites as far as 40 or 50 miles from the cities; that is in rural areas.

The development of industries in the rural areas around the main cities is characterized by a complementary

movement; these industries maintain offices in the capital city, reinforcing the role of dominance of the Central City.

The communications system that is good enough for the decentralization of production functions still does not permit the administrative decentralization. Face to face contact, mainly in relation to governmental officials is still important.

It seems to me that in the rest of the 1960's this trend will continue without big changes. That means that industry will be located in industrial parks or isolated around the main cities and at the same time, the administrative functions will be concentrated in the C.B.D. together with the public administration, banks, etc.

This urban pattern will present two important aspects for the transportation system:

1. The movement of industrial products and raw material
2. The movement of people: workers, services people, etc.

The movement of industrial products and raw material has been studied largely in the Transportation Plans for Central America. Maps # 4, # 5 and # 6 show the Road System

approved by the five governments and now the National Development Plans are including those projects.

The main impact of these plans is the increase of alternatives for location of industry that will have a better system of transportation. Local markets are enlarged and well interconnected, giving a more flexible approach to the location.

The movement of persons did not receive the same attention. Local programs are being studied and developed, but these are not a comprehensive approach to the problem.

The journey to work has been one important determinant in the organization of the cities in industrial societies as well as in the design of the urban transportation system.

The journey to work is today an important element in Central American cities, but the spatial distribution of activities and the technological and economic resources available to these societies give it special characteristics that can be summarized in the following:

1. The bulk of population is employed in service activities, including domestic one, largely as employees of the National Government. The salaries are low; work is many times on a part-time basis, and the mobility from one job to another is high.
2. Another important part of the population is

unemployed or under employed. There are not figures about this group but some officials of agencies working in Central America consider figures as high as 25% of the labor force in capital cities as under employed or unemployed.

3. The location of new industries out of the central areas defines in general terms a rather different pattern of movement than in American cities at the time of their industrialization.
4. Another important destination of urban trips in the U.S. are the shopping centers or downtown stores. In a population with a low level of income and a large tradition of local markets or street-corner stores, as in the Indian villages and towns the situation that emerges is a dual one: department stores and local versions of shopping centers are emerging in many cities in the residential areas of the high classes, and at the same time the typical market and the street-corner store are the dominant elements in the low income family areas. This is a dynamic relationship between both patterns that will change with the development of the countries. In the future shopping will be a generator of urban trips but not today.

5. The mode of transportation is the bus or the taxi used as small buses. Private automobiles are available to a small minority of families.

The deficiencies of the urban transportation system has another important consequence on the urban structure. It is the supply of developed land. The deficiencies of transportation and the low income of the large part of the families make it necessary to live close to the working centers or services and of course, the supply of land is limited by this constraint. The deficiencies of the tax system on the other hand, makes possible the speculation on urban land that is one of the big obstacles to the solution of low-cost housing, which would be located in adequate sites, but the speculation on land moves it to the periphery, creating new demand for transportation.

With relation to the preceding points it is possible to conclude:

1. The lack of research in urban transportation is the major constraint to the preparation of any solution in this problem.
2. Transportation at the national level, mainly oriented to the movement of industrial goods and raw material must be coordinated with the urban transportation system.
3. The urban form of the Central American cities



must be studied in function of the technology available to the cities and in function of economic development.

4. Each city, as part of its development plan must prepare transportation plans, linking the National system and its urban transportation system, and considering location of new industries and new residential areas.

#### Local Government

Under the Spanish rule the government was highly centralized. After the independence this characteristic remained as the general rule for political organization.

Local government, or the municipality is in general terms small in area and in population (See Table # 25). There are not any rules in the constitution of the countries about minimum population size or area. They do not have resources because the tax system is highly centralized.

The growth of the capital cities has required changes in the structure of these municipalities. In Nicaragua the National District was created in order to provide the capital city of Managua and its surrounding areas with a unified government. In Honduras, Tegucigalpa

has the status of Central District, and metropolitan governments are being organized in other countries.

A general characteristic of all the local governments is their lack of resources, including the brand new ones.

The revenues of all the municipalities are below 10% of the Aggregate Public Sector in three countries (Table # 24) and of course their expenditures are equally low. At the same time, these low figures must be divided among a big number of municipalities, as in Guatemala, with 323 municipalities (Table # 25).

This lack of resources has been the main force molding the functions of local government. They need the help of the central government and their agencies.

In order to understand the role of the municipal government in Central America let us summarize the characteristics of the public administration.

1. The Central Governments have been organizing autonomous agencies that are taking functions like social welfare, social security, housing, transportation, electrification, banking, etc. These agencies are numerous in some countries, as in Costa Rica, where there are 40; in other countries, like Nicaragua, there are only twelve. In general terms they have a specific function. They are

Table # 24.

Revenues and Expenditures of the Public Sector in Central American Countries, by Levels of Administration and Country, 1963.

(All figures are percentages)

	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua
(1) Aggregate Public Sector -- Revenues (1963) % of GNP	21.9%		15.0%	12.4%	14.0%
(2) Being (1) equal 100% it was distributed:					
Central Government	54.2		80.0*	78.0	81.0
Autonomous Agencies	41.2			14.0	13.0
Municipalities	4.6			8.0	6.0
(3) Aggregate expenditures (Public Sector, 1963) in % of GNP	24.1	17.0	15.0	13.3	
Being (3) equal 100% it was distributed:					
Central Government	53.1	69.0		65.0	78.0
Autonomous Agencies	41.3	28.0		26.0	18.0
Municipalities	5.6	3.0		9.0	3.0

\*Autonomous agencies are included in the Central Government.

Source: IDB Fourth Report, Social Progress Trust Fund, 1964.

Table # 25.

Central American Local Governments, by  
Countries, 1964.

	Number of Municipalities	Number of Provinces or Departments
Costa Rica	65*	7
El Salvador	260	14
Guatemala	323	22
Honduras	275	18
Nicaragua	122	16
	<hr/> 1045	<hr/> 77

\*They are called "canton", are divided into a total of  
326 districts.

Source: IDB. Fourth Report. Social Progress Trust Fund,  
1964.

the most dynamic part of the public sector. In El Salvador they did 68% of the Public Investment in 1963. At the same time the Central Government invests 25% and the Municipalities the rest, or 7%. In Honduras, in the same year, autonomous agencies investment was 46% of the Public Sector, with the Central Government investing 41% and the Municipalities 13%. This concentration in Public Investment made very important the function of these agencies because they are really changing the growth pattern of Central America. The weak position of municipalities with relation to the other agencies in the public sector explains by itself the role that they receive from the development planners.

2. Central Governments retain a fairly large administrative organization. They concentrate on services such as education, law, etc. In the last years there is a trend toward expenditures in areas related to the economic development, shifting from the traditional pattern of expenditures in army and bureocratic activities. (See Table # 26.)

3. Municipal Government is the only local authority. Provinces or Departments are really delegations of the Central Government. In general terms both types of agencies receive small subsidies from the Central Government.

Within this administrative frame the city as a political unit is a concept almost without sense.

Urban society receives from the Central Government services such as education, health, etc. Law administration and enforcement are national services. The municipal government is limited to minor services like transit regulation, even sometimes regulated by the Army or the National Police.

Urban Planning is a concern of the big urban centers, but their limited resources and powers make the approach mainly oriented toward architectonics or land use control. The enforcement of these regulations is difficult because:

1. Many of the forces shaping the city are departments of the government with larger powers and resources than the city,
2. Other forces, such as farmers coming to the cities and building their houses as squatters or living in any possible shelter, are forces beyond control, not only in Central America, but in any country of the world.

#### Urban Planning at the National Level

There was some interest in the Central Government in urban affairs, but the understanding of the urban problems

or of the problems generated by the urbanization was, and still is, limited. In general terms the type of solution presented is a physical plan, representing an artistic conception of the city, with different grades of quality as a drawing but not well related to social and economic problems, and poorly implemented.

In Costa Rica, El Salvador, Nicaragua, and Honduras the Central Government assigned to the National Housing Agencies the function of preparing such plans, that might properly be called "maps". Municipal governments collaborate in a limited way in these projects, or are totally ignored.

In Costa Rica the Instituto de Vivienda y Urbanismo (IVU) prepared a general plan for "Metropolitan San Jose". It is integrated by nine small municipalities. IVU has prepared zoning ordinances for the entire area and each municipality has received a zoning ordinance covering its territory. Changes in the ordinance should be approved by the agency of the Central Government. In this case the municipality is a subordinate agency, with limited powers.

In Nicaragua, the Oficina Nacional de Urbanismos, a dependency of the Ministry of Public Works, has completed powers for the preparation of urban plans, even for the control of new building licences. The law permits the delegation of powers of the National Office to the Municipal

Government, but only partially.

The efficiency of this approach is rather limited; in many cases these urban plans are something irrelevant, limited to bureaucratic procedures without participation of the citizens and institutions of the cities.

Its main limitations are:

1. The city plans already prepared were very limited in scope. They were not related to capital investment programs, and at the same time, the limited resources of the local government was an important negative factor against local plans for investment, when they were partially prepared.
2. Economic Plans do not include the spatial aspects in detail, and the spatial implications of the plans were never anticipated or even studied.
3. The timing of urban plans and economic development plans was never coordinated. Priorities at both levels never received any attention directed towards obtaining the badly needed coordination.
4. In general terms the plans lack the scope required to produce an effective guidance of the urbanization process.



Conclusions: Urban Problems Derived from the Integration  
Goals

The goals presented by the presidents as those of the Integration Programs<sup>44</sup> can affect the city in many ways. They are so general that it is difficult to specify consequences in certain areas. But from the information presented here it is possible to arrive at the following conclusions:

1. The administrative changes in the public sector can produce a still greater concentration of power and resources in the Central Government, if the present trends continue during the next years.
2. The industrialization will require the development of the infrastructure. According to the plans already prepared there will be a concentration of investment in and near the main larger cities. That will increase the attractiveness of the cities to the rural families.
3. The eventual economic union of the five countries will imply more intense communication among the

main cities. Gradually, together with the economic growth will emerge a multinucleate urban pattern from today's five isolated ones. In the future it is possible that some specialization of urban functions will occur within Central American cities.

4. The present emphasis on Sectorial Planning at the Central American level, as well as on the Development Policy and on the Joint Development Plan, is merely an escalation of the approach already applied in each country independently. The reinforcement of the Central Planning function will challenge the effectiveness of economic planning in dealing with social problems such as those related to urbanization.
5. Social programs, Education, Public Health, Labor conditions, etc., are supposed to be nationwide, but the inaccessible rural villages will probably receive less attention than the big cities, if the national government does not make a substantial improvement in administrative techniques. If it is so, the differences between urban and rural society will be widened.

6. Programs specially designed for rural areas, such as colonization of Government land, are not endorsed vigorously, and per se, will not basically affect the pattern of population distribution in the rest of the 1960's.

Most of the programs already mentioned are in a preparatory stage. When they are completed and published, it will be possible to produce a more specific evaluation and to determine their possible implications. Up to date, the near future seems dependent upon the values of economic planners and politicians.

## CHAPTER V

### AN URBAN POLICY FOR CENTRAL AMERICAN COUNTRIES

Up to today there is no explicit policy in urban affairs, neither at an international level nor in any country. However, from the analysis of different programs, at both levels it is possible to formulate what it seems to me are the implicit urban policies of the national governments and of the Central American Integration Agencies.

#### Central American Level

The "implicit" urban policy is one of limited decentralization. The integration's agencies have been distributed among the five countries, but in every case the chosen city was a capital city. Treaties are signed and international meetings are held in different cities every year. It seems that the main goal is that of avoiding the emergence of a capital city or the dominance of one or more cities in Central America.

The other aspect, that looks as complementary to the first one is the implicit goal of maximizing the

accessibility to the main cities and ports. The network of roads was designed as a system linking all of the main cities, in such a way that any one does not have real advantages with respect to any other (See Maps 5 and 6). Both goals would produce the organization of a single urban system, instead of the five isolated ones that were in existence in the area prior to the 1960's.

This policy presents two difficulties:

1. The low efficiency in the communication system is a serious problem to the normal interrelationship between agencies interested in the same or in similar fields, working in different cities.

2. The equal development of infrastructure in the main centers of the area could imply an excess in investment, but this point is not an important one, because the cities have a serious shortage of services and facilities that must be provided, in any case. If this policy continues, and if all the centers rise to higher standards without specialization, then the issue of excess investment would be justified.

#### National Policies

The five countries behave in similar ways with

respect to urban affairs.

The implicit policies are those of centralization of all public decisions in each capital city. The same policy had been applied since colonial times. The result of this 400-year period is a dominant role of the capital city, as the center of economic, social and political activities.

The exception to this rule is Honduras, where in spite of the centralization policy, the second city, San Pedro de Sula, has been growing faster than Tegucigalpa, the capital city, and today it is the first industrial center of the country. The concentration of agricultural activities of the United Fruit Company in this area and the immigration of a large group of Arabs and Lebanese were the apparent forces that produced this local development.

This long process of centralization can not be changed in a short time without the investment of a large amount of resources in infrastructure, resources which are badly needed in those countries. The other cities cannot compete with the capital because of their lack of revenues and utilities and because of their small size.

Each country, as well as the Central American organizations have made some efforts in order to guide, explicitly, the urban growth. As it was pointed out in Chapter IV

these efforts have been linked with housing. The isolated programs of economic development of the 1950's or the national investment programs now in operation have not been related to these urban plans. In general terms the investments of the different agencies are not analyzed in relation to their possible impact on the urbanization process.

#### Proposals for a Central American Policy

The formulation of a specific policy based upon the limited information gathered during this work is almost impossible. What is presented here is a series of aspects which must be considered and defined in a policy of urbanization.

From the previous aspects presented, it seems to me that a policy must rest upon the following premises.

1. The achievement of a higher level of Economic Development will be a required goal as a way of obtaining a free and healthy democratic society. Development by itself will be a mean, not an end.

2. The urbanization of Central American Countries will be part of the transformation required in order to achieve a better society. The limited resources available, as well as the need of fast transformation make it necessary

to plan the urbanization process. This planning function must be the responsibility of the entire government with active participation of the citizens.

The following statement may be considered as the basis for an urbanization policy for Central America:

1. The urbanization of Central America is a process with different characteristics by countries or localities. The guidance of each urban society, as well as their inter-relationship will be made in close coordination with the Central American integration programs. Urbanization and development are inseparable.

2. Urbanization must be stimulated in those areas with comparative advantages for the urban growth, from a Central American point of view, in order to optimize returns from the investments and reduce the social cost of the required transformation.

3. Strong local governments must guide the urban growth of the cities, in order to provide a democratic base for our countries, encouraging the participation of all the citizens in urban affairs. The cost of operating such governments, and the limited resources available require a gradual process in the establishing of these new units, giving priority to cities with a definite urban character.

4. Urban governments must receive the support of the Central governments in the form of resources and power



so that they may be transformed into an active agent in the process of Integration and Development. They must truly play the dual role of representatives of the urban communities, efficiently guiding the cities and active members of the National Government.

Urban planning will be used by these governments as a basic tool, coordinating their actions with other agencies concerned with the urbanization process.

5. The Executive Council of the General Treaty shall execute the required programs related to the aspects presented in this policy, within its legal attribute. The Advanced School of Public Administration (ESAPAC) with the cooperation of the Council of Central American Universities (CSUCA) will be its adviser for technical aspects and the Central American Bank for Economic Integration (BCIE) through its Infrastructure Section must be the financial adviser. Each country must create the required organization framework in order to achieve continuity in programming from one level to another.

Analysis of the proposals and their implications

First it is necessary to point out the possible

limitations of an approach like the one presented here. The information analyzed is largely of an official character and a national or international level. There were very few reports concerning the point of view of the municipal authorities. Then, if this policy proposal is evaluated, from the practical point of view, it seems to me that many weak areas may emerge, which can be avoided with more detailed researches. An example of these researches is presented in Chapter VI.

Actions that can be derived from the adoption of the proposals

1. From this point, the main types of actions that can be derived are the linking of urban planning to economic development, as well as the consideration of urbanization as a process at the Central American level, two aspects totally neglected today.

2. This point tends to create a set of priorities in the investment in urban infrastructure and industrial location. A democratic government has limited powers for controlling the population movement, but an explicit policy can help to avoid concentration of migrations in areas unsuitable for urban growth because of limited natural

resources, or lack of communications, etc.

3. Actions derived from this point will be mainly the organization of urban governments in certain cities. The rationale behind the recommendation of limiting the number of urban governments is economic as well as administrative.

The new units will require the use of resources from the community and from the central government. Let us assume that these resources have, as an alternative investment development programs.

The best way of justifying the use of these resources is to show that urban governments can help the nation efficiently, and that they will produce positive results similar to those in the development field.

This is a difficult task. The standards to be used are not defined yet, but a general criterion could be:

If a small village or town is the "perfect" urban community, whatever the meaning of perfect be, its impact at the National level will be minimum. But if the capital city or any of the cities over 20,000 inhabitants achieves a good local government, it is clear that in this case the impact will be nationwide.

The other aspect is that the organization of a good urban government requires trained officials, badly needed in all the countries. This is an important constraint that can

be removed by educational programs, but not in a short period of time.

4. To emphasize the need of a new legislation, closely related to the previous point, it is suggested here that local governments may participate actively in development plans, preparing their local programs, which complement the sectorial ones. It is assumed that this government will use planning intensively.

5. The final point presented the agencies that can perform the required actions in order to apply this policy. The reference to the agencies of the Central American government that can work in urban affairs is based on the study of their functions within the integration process. It is possible to suggest the creation of a new agency, but it will be preferable that this organism decide in the future if such a new office is required.

#### National urban policies

The formulation of each of the five urban policies must be based on a set of general assumptions that might be complemented in each specific country according to the national characteristics.

The adoption of the following assumptions as a frame of reference is suggested:

1. Urban planning must be a part of the development planning process. The central government will take care of the aspects of the urbanization working together with the Central American agencies as well as with the municipal authorities.

2. The national development plans, now in process of adoption in each country, covering the rest of the 1960's must include (or must be complemented by) the delimitation of development regions. This regional approach must be a part of the frame of reference for the formulation of each national policy.

3. Municipal government must be reorganized according to the requirements of an emerging urban society.

Each national policy should be a case study: Guatemala with its large number of Indian communities is completely different from Costa Rica with its relatively homogeneous ethnic structure. El Salvador with its high density of population and growing urban middle class is far away from the rural and sparsely populated Honduras. In the political aspects Costa Rica as an outstanding example of democracy is an island in the "ocean of dictatorships" as Central America is called.

Because of this heterogeneity of problems the formulation of each policy is a task which is impossible within the frame of this work. But let me comment about three important aspects that are mentioned in the proposed assumptions.

1. Urban planning at the national level must be concerned with the process of urbanization of the country. Up to today in some countries like Costa Rica, the central government is preparing urban plans for the main cities, that must be implemented by the small municipalities, sometimes many in a single city. But these plans are badly implemented, and their scope is limited to physical aspects, sometimes very well done from the technical point of view.

The proposal here tends to concentrate the attention of Central authorities in all the processes of urbanization, their relationships with the general activities of the nation, and not in specific cities or towns.

2. A very important aspect closely associated with our approach is the development of a regional structure within the frame of the National Development Plans.

The organization of the regions is approached in these countries as a restructure of provinces or states. They will be grouped in accordance with economic and social criteria. An example is El Salvador: the fourteen

departments will be organized in four regions; these regions will have the character of a dependency of the Central Government; they will not have a political government. Technical plans are announced for each region representing the spatial expression of the sectorial programs presented in the National Plan.

It is proposed that this new regional authority must define what urban center will play the role of Central city. These regions are small in area and then it is possible to think about a central focus for each one, usually a city over 20,000 inhabitants.

The selection of four or five central cities within each country as central points of this regional structure really means the development of a limited decentralization policy in each case.

In each region, the remaining cities, towns and villages will continue with the present status. Regional authorities will be the link of these communities with the Central Government. It is necessary to point out that these small centers are really the core of the traditional society and they will receive the most dramatic transformation in form and structure. It is possible that many of these small villages will disappear as a consequence of internal migrations.

3. Finally, let me repeat the need of urban governments, well provided of resources and power, which has been commented in other parts of this thesis.

#### Central American Guidance of Urbanization.

The formulation of the policy implies that the Central American Integration mechanism will be in charge of a permanent activity related to urbanization.

The role of the technicians working in urban planning at the Central American level can be classified as:

1. Research: oriented to determine the characteristics of the urbanization process, its trends and problems related to it.
2. Programming: Preparation of Plans and Programs to be presented to respective governments, linking the urban programs to the programs of economic development.
3. Advising: These agencies can help countries and cities in preparing urban plans, and can develop methods of research and administration.

The existence of different levels of urban planning will require the definition of responsibilities among different levels and the organization of an efficient communication system.



The following scheme for defining responsibilities is suggested:

1. Central American Level

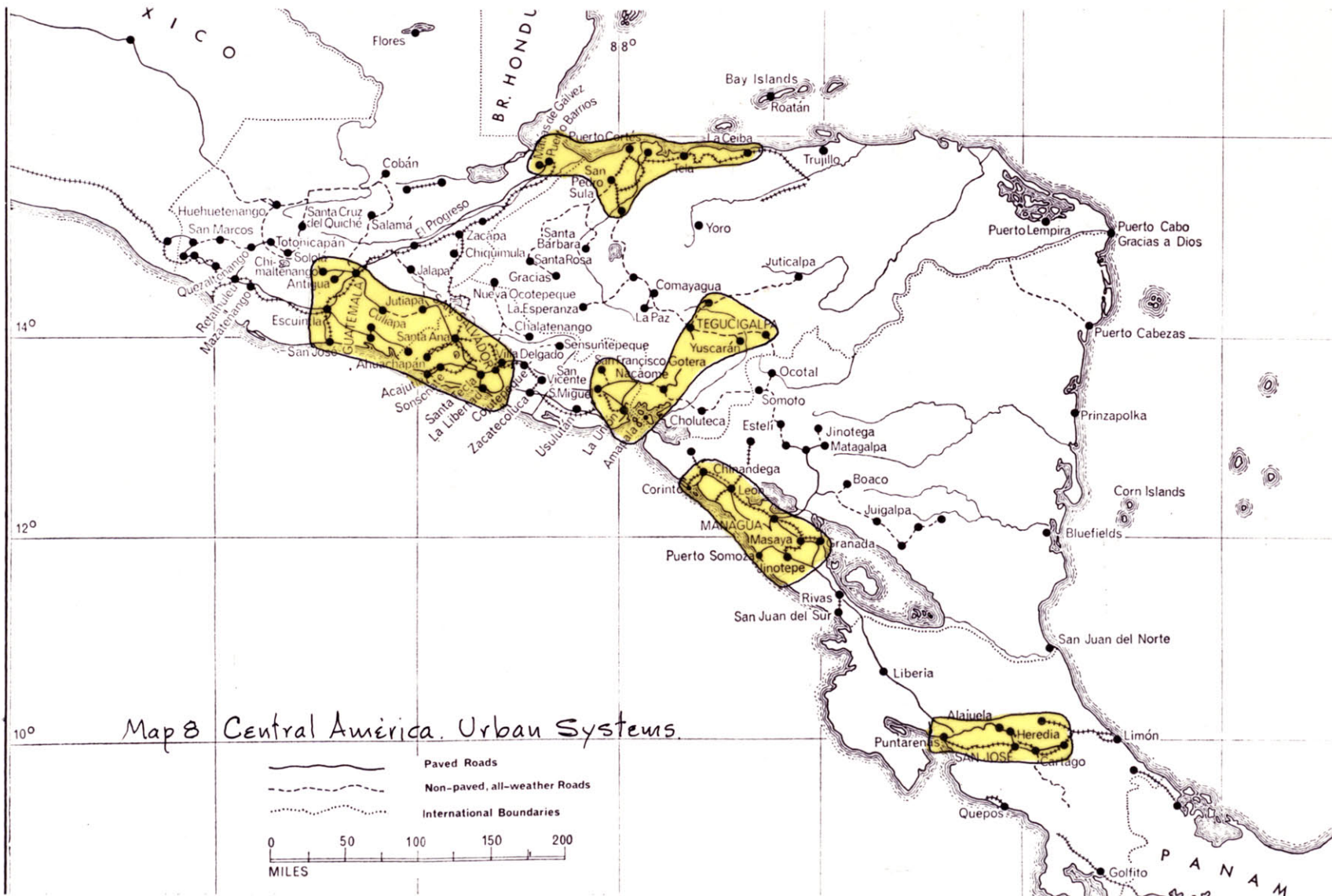
The growth pattern of Central American cities is similar to that of some industrial cities in the United States, with industries and large housing projects being built in the periphery of the city. The dispersion of industry is sometimes as far as 80 miles from the cities, along main roads, as in the case of Guatemala City.

This pattern has been produced in areas with good communications, mainly highways and ports. The existing road system and the proposed changes (Maps 5, 6, and 7) lead to the conclusion that conditions, such as those commented, exist only in five areas, which represent the main concentration of urban centers and communications facilities.

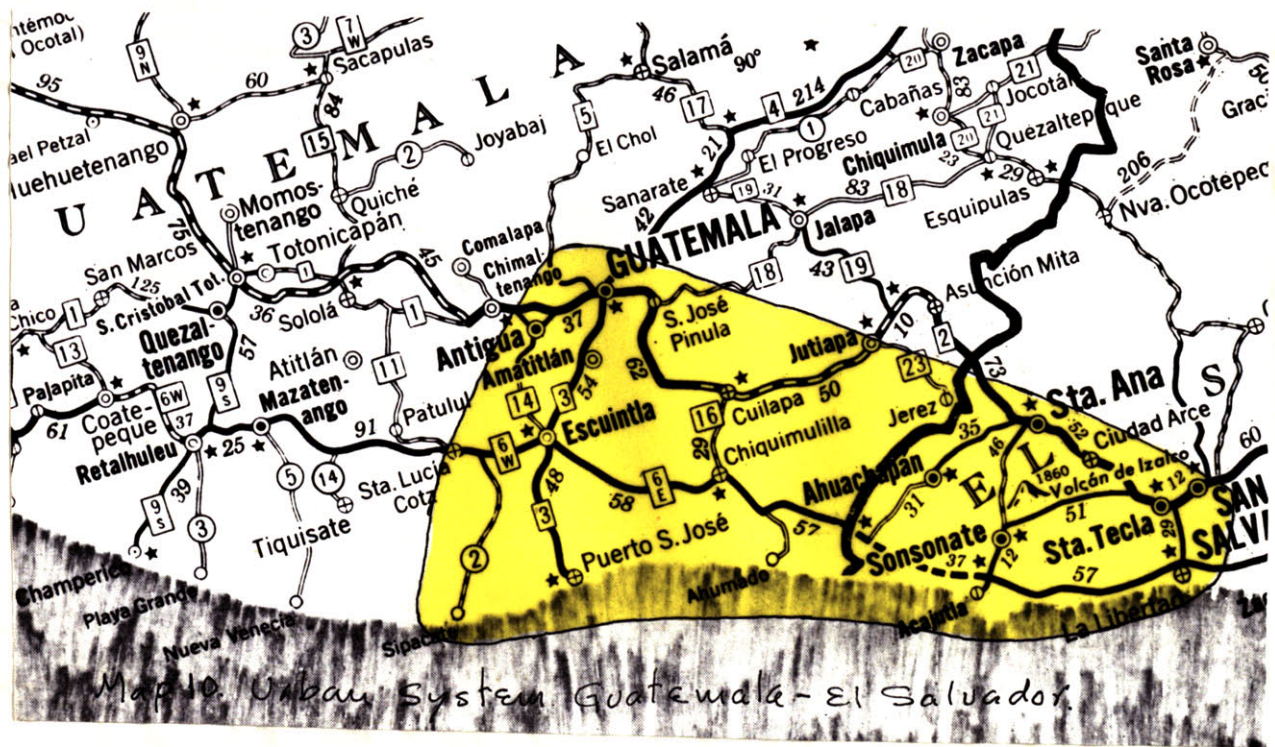
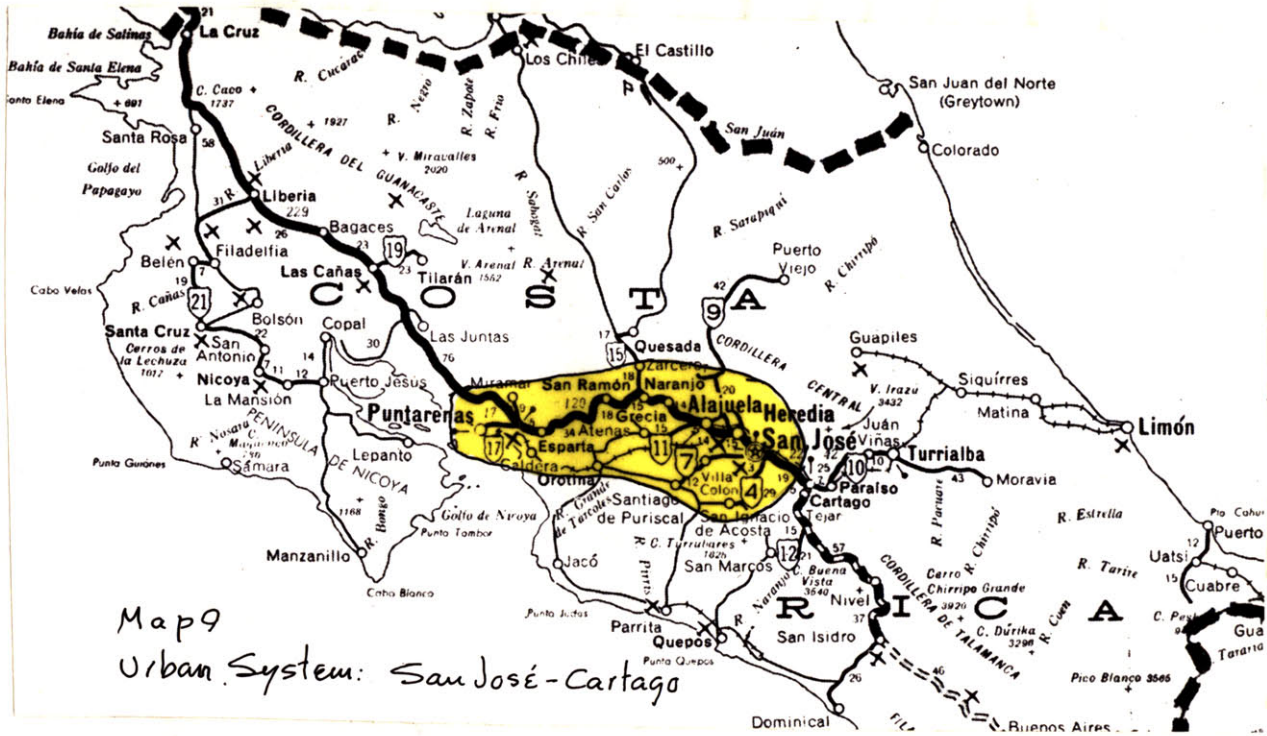
It is proposed that Central American Agencies dealing with Urbanization and Urban plans concentrate their efforts in those five areas, which can be considered as the poles or magnets of the urbanization process.

The five areas, presented in Map # <sup>9</sup>11 and detailed in Map # <sup>10</sup>11, are the location of the largest industries.

The main cities and ports, within their borders, are well interconnected by roads, railways and tele-communications.



Map 8 Central America. Urban Systems.



It seems to me that each area can be considered as an urban system. Cities are spreading out far and wide along main roads; villages and towns in these areas are receiving the influence of the urban centers, sometimes with industries moving to these tiny towns. Rural population has accessibility to larger markets. The intercommunications among different parts permit us to assume the existence of a certain degree of interdependence that can permit the presentation of the hypothesis that each area reacts as a system that is considered by some private enterprises as a large local market.

The main need for the use of this concept is the flexibility of the industrial location within these areas. Texaco Oil Company built an oil refinery near Escuintla, 40 miles from Guatemala City, bringing its crude oil, via pipeline from the Pacific, about 35 miles south. Modern technology in transportation and production have expanded the alternatives of location out of the urban area. But still the cities keep their role as center of communications.

The purpose of the use of these areas is to provide the Central American authorities with a "scale of action" according to their powers and their programs in economic planning.

Central American agencies can study this system

growth, if some type of specialization in production is possible; the interrelationships; how the individual decisions adopted by each city influence other areas, and so on. Their role will be largely analytical and informative with relation to the systems.

In three cases the systems are part of two countries, which will create special situations easily handled by an international agency.

The five proposed systems are:

1. Guatemala City - San Salvador

The largest one, it includes two capital cities and ports on the Pacific coast of the two countries: Guatemala and El Salvador. It is on the Pan American Highway with an excellent network of secondary roads. The largest distance within the zone is 160 miles.

2. Tegucigalpa - San Miguel

It includes two ports on the Pacific, one in Honduras and the other in El Salvador, and the Capital City of Honduras. There are no other main cities within the zone. The largest distance within the zone is 130 miles.

3. San Pedro de Sula - Puerto Berrios

This area includes the main industrial city of

Honduras, San Pedro de Sula, the main port on the Caribbean of all Central America, as well as one of the most important areas dedicated to the production of bananas. The largest distance within the area is 60 miles.

4. Managua - Granada - Leon

This area is completely included in Nicaragua. The main cities and ports are located in this section of the country. The capital city is the center and the maximum distance from it to any point is 40 miles.

5. San Jose - Punta Arenas

Around San Jose (See Map # 13) the main cities of the country are located. The Pan American Highway has provided an axis for this area. Maximum distance within the zone is 70 miles. It is densely populated and well intercommunicated.

The internal structure of each "system" must be studied and planned by each government and the municipalities working in a coordinated way with the Central American authorities.

When the Central American Agencies begin to prepare the sectorial plans for the entire Region, locational deci-

sions can be based on these urban systems.

## 2. National Governments Level

This level corresponded to an intermediate between the general directives from Central American Agencies and local decisions of Urban Governments. It is assumed that the main function here is to incorporate urban programs within the framework of economic development plans and analyze the possible impact of economic decisions on different urban areas. The regional system described in pages 152 - 156 will be the main concern of national authorities framing urban planning within these programs.

## 3. The last level of the hierarchy: the local government

Now, according with our proposal we have in Central America a set of cities, the capitals and the central cities of each development region, defined by the National Development Plans.

They are the representatives of the emerging urban society. They have different scales, the capital cities as the largest ones and the central cities growing at a fast rate, emerging as important centers.

Each one shall be provided with resources and power in order to cope with the increasing number and variable character of the functions that they play.

As part of the structure of the developmental planning the cities have as frame of reference for their plans:

1. The national development plan, with all the sectorial programs.
2. The regional plans that are part of the national plan and represent largely the spatial expression of the sectorial programs.

The city will prepare an urban policy framed in these elements. It will be a comprehensive approach to the urban problems, and will explain the division of functions among the different agencies working within the city.

One final remark will be made, with reference to urban planning. The city will prepare an "urban development plan", a plan that must include economic, social, and physical aspects of the urban life.

This plan would be at the same time complementary or supplementary of the economic plans. The central government agencies work generally with data that is aggregative in character. It can work very well with macro-economic problems. Urban plans will make emphasis on micro-economic



problems.

The most important character of the urban plans will be the relationship between the city and the autonomous agencies that are the active part of the government. Many of the programs required by the city will be part of the functions of these agencies.

The possible conflicts between both levels is one of the main problems that may emerge from the establishment of a strong local government preparing urban development plans, at the time that the National Government has a National Plan.

Really the avoidance of conflicts is almost impossible, but it is desirable to keep them at the lower level in quantity and importance.

There are two positive factors that can be analyzed in order to achieve this optimal situation.

1. The proposed urban governments will be created when the National Plans and all the Economic Development Structure are almost completely defined.

2. If both levels prepare plans within the same time dimension, it will be possible to discuss specific issues in which opposite or conflicting interests exist. When both national and urban agencies are induced to add some amount of rationality and to announce their plans publicly some time before action is taken, there is enough

room for positive discussion, which today is almost impossible.

A possible manner of interrelationship between urban and national planning can be a two-way system:

- (1) From National Plans to Urban Plans
- (2) From Urban Plans to National Plans

1. When National Development Plans are adopted by the Nation they have the character of law. They define investment goals as well as production goals and a set of measures for their implementation. Sectorial plans are prepared at the National level in: Agriculture, Mining, Manufacture, Construction, and Services, such as transportation, power, etc. At the same time Social Sectors are included such as Public Health, Sanitary services and utilities, Housing, Education and Culture, Labor and remuneration.

In the National plan goals are presented, as it was mentioned in Chapter I, and specific plans are prepared in the public investment plan that usually is complementary to the first one.

Using both Plans the Urban Planning Agency can make a classification of goals in:

Priming goals, with three or four levels of priorities. Goals whose achievement will affect directly

the city, positively or negatively.

Secondary goals, with three or four levels of priorities. Goals whose achievement will be irrelevant or of little impact to the city.

From here on the city will have an idea of what will be the impact of the National Plan and can proceed to formulate its goals for the same period of time, which can be supplementary or complementary to the National ones.

The same type of analysis of the Sectorial Plans can produce the definition of the actions planned by the National and their implications.

2. The second approach is the possibility that the city can prepare programs which will be framed in the sectorial plans. An example can be: The National Plan presents a goal of reducing the housing deficit by a certain amount within their time dimension. That will imply that the National Housing Authority will invest "x" resources, producing "x" number of houses, and the city planning agency, aware of that, can present to the National Government programs of housing and related services that will fit within the sectorial plans at the same time that they will be within the urban ones.

The city planning agency shall make an analysis of the functions of the city, determining which agencies control or guide each one.

Any new function will be analyzed in the same way. Once the city has determined the relationship among different agencies and sectors of the country, and the city functions, a useful guidance will be available for solving emerging problems.

The amount of possible divergence in both cases is almost unlimited, but the advantages of a discussion of the goals of the country by the city will bring the economic models to the man in the street, for the first time in Central American history.

Alternatives:

The proposed policies are, of course, an alternative solution to the present approach: the centralization of all functions in the National Government, avoiding the local governments.

This is the trend of the National Plans prepared by nine governments in Latin America since 1961: a concentration of functions in the Central Government. States or provinces are coordinated in groups or regions, depending on the Capital City of the country, and local governments remain as a passive element in the system, with some aid in order to keep some local functions.

The best evaluation of this approach was made by the United Nations in their Manual of Public Administration

specially prepared for development countries:

"It is necessary to shorten the distances between the government and the people....It is not a question of trespassing functions from the central government to the governors or other offices. It is true that this form of decentralization is convenient, but it does not give to the people neither influence nor power with respect to the local affairs.

"The most adequate and efficient procedure is the gradual development of the local autonomous government...."<sup>45</sup>

Final remarks on the topic

The most important characteristic of urbanization is dynamics. How would the present proposals adjust to a changing situation?

The first argument to be presented in this respect is that a policy at an international level is flexible enough in order to be adapted to changing situations. If the information system between the cities and the Central American Agencies is good enough, the steering mechanism at the top could "learn" how the policy works and what adjustments are required. The character of the policy will permit avoiding the consideration of many local disturbances

that can be connected at other levels.

The internal migrations, mainly from rural to urban areas, cannot be controlled in a rigid way. In a democratic society the government can use a policy like a rope: it is good for pulling out but not for pushing.

Even in societies with strong controls on population movement the internal migrations cannot be controlled totally. This is a major limitation for long projections. Migrations can be predicted in developing countries only in short periods of time, and even so, their size is an open question.

And last but not least, the existence of a planning scheme does not imply the existence of good planning. In a large system like this it is possible to make mistakes which the best organization cannot avoid.

## CHAPTER VI

### MESHING THE POLICY WITH THE INTEGRATION PROCESS

The formulation of the complete hierarchy of policies will require a complex framework of legal and administrative character.

In order to mesh properly the Urban Policy with the Integration Process, the following three major steps are suggested:

1. Promotion of the need and convenience of the policy.
2. Procedure of formulation of the policy.
3. Organization of the administrative mechanism and assignment of their functions.

1. Promotion of the need and convenience of the policy

It is previous to the formulation of any policy. In an international organism it is very important, because the functionaries and agencies working at this level have a special form of behavior. These people or agencies represent the interests of different countries or sectors of the economy. Their responsibility with relation to the political mechanism is different; it is

not a day to day interaction as in the case of a minister or other official.

One of the consequences of this situation is a rather slow way of operating. It is possible that months or years elapse between two consecutive actions because of the need of extensive consultation. Then it is very important to locate the initial steps of any proposal in an adequate way in order to achieve the desired results.

The case of the first efforts in the field of urban planning is an example of the influence of this first step in the final development of a program. As it was presented in Chapter IV, the directors of Housing and Planning Agencies decided to promote the analysis of housing and urban planning problems and all the processes have been kept within this limited approach.

This shift in approaching the housing problem must be explained by the officials related to this sector.

This situation is often presented in Latin America: It is the need for changing a linkage between two problems when one of them is almost neglected. In the new connection it is chosen as a new privileged problem and then a theory is built up for explaining the new approach.

A theoretical statement must be prepared as a base for this shift that would include reference to the ideology of the countries: the need of a democratic organization



in the urban government and the function that local government must play in the development process. This is a function of ideology that is evident in problem-solving in Latin America: "...ideology sometimes remedies the lack of direct access of certain neglected problems and provides them with indirect access via the construction of theories forging links between privileged and neglected problems."<sup>46</sup>

Wide swings from one "comprehensive" solution to another are justified as a way of enlarging the understanding of the problem, or can be produced as a result of evaluation of past programs, or maybe the development of new theories in the field provide the required explanation.<sup>47</sup>

Now we suggest a first statement of the problem in a technical way, independent of political pressures in order to obtain an objective view of the problems and solutions proposed.

There are no specific channels for this first step; it can be a lecture, an article in a newspaper, or a report from an official agency. The important factor is the technical level and the comprehensive character of the approach.

## Second Step

Let us assume that the idea of a policy is accepted by responsible authorities. The governments agree about the need for an urbanization policy and decide to discuss the problem in a meeting of the Central American Economic Council. Probably after a first consideration, if a consensus is achieved a special meeting will be convoked in order to discuss extendedly the aspects of the urbanization problem and the possible actions to be taken in order to produce an effective action by the integration authorities.

Such a meeting will require an extensive preparation in order to put together the theoretical aspects of the topic as well as the features of Central America that must be taken into consideration at the moment of formulation of a policy.

It is suggested that such a meeting must have as a background the following research:<sup>48</sup>

### Urbanization in Central America:

Analysis of the process of urban growth of the area in the last 20 or 25 years. Largely based in Census reports it must include population projections for the period covered by the Development Plans.

### Central American Cities

Monographic studies of the main cities of the area. It must include an evaluation of the deficit of services and facilities as well as the required investment in order to solve these problems.

### Urban Administration

Analysis of the laws and constitutional aspects related to the Municipal governments in the five countries. It must include the study of the tax system of the municipalities as well as the financial structure of the cities.

### National Policies in Sectors of the Governments

An analytical review of the policies in different agencies and fields of activity of the five governments and their relationships with the urban centers.

Another set of papers must be a summary of experiences in the same sector in other countries, analyzing the conditions of the countries and the implications of the measures adopted in order to solve problems related with urbanization.

Finally a document with recommendations, presenting

different alternatives and their possible implications must be prepared. This work is commonly a joint effort of technical institutions of the Integration System and advisers from agencies such as the United Nations Agency for International Development, the Organization of American States, etc.

This document will be based on all the materials prepared for the meeting, as well as on other conferences or treaties celebrated in the Region that can be related to the topic.

It will present conclusions related to:

1. Urbanization process and economic development.
2. The influence of different alternatives of Urban Patterns in the process of development.
3. The administrative problems related to urban growth.

Then, after discussing the role of an urban policy in the process of development of Central America, it will present the way in which the Integration Agencies can participate in the formulation and implementation of such a policy.

At the end it will present various alternative policies, their analysis and implications and specific recommendations of how to implement these policies.

Let us assume now that a policy is adopted. And, of course, let us also assume that the adopted alternative is similar to that which was presented in Chapter V.

### Third Step

The Economic Integration program, as it was presented in Chapter III, is now moving toward the preparation of Sectorial Programs for all Central America, based on the coordination of the National Development Plans for 1965-1970.

The process, now in its beginnings, can be presented in three stages:<sup>49</sup>

1. The incorporation into the public investment programs of such projects and programs already studied and developed by the Central American Agencies. An example is the Regional Program of Highways that was prepared by Central American Agencies and is now being incorporated in each country under a common system of priorities and standards.

This will be one of the methods to be used in the future in other sectors.

2. The study by Central American Agencies of some basic aspects related with industry and agriculture in

order to prepare programs of investment in both sectors for all the area. The procedure is the same as that in Point 1: The Central American Agencies are now preparing extensive research in both sectors; then they will prepare Regional Programs and Specific Projects, that will be incorporated into the National Development Plan of each country.

3. The third stage, now in preparation, is the formulation of a Regional Policy of Development. This Central American Policy of Development, if approved by the Governments will be the base for a Central American Development Plan, that will be the complement of the five National Plans.

According to these two stages now under way, and the third, outlined and now in process of study, our policy could be fit properly in the following way:

1. The Central American Economic Council must assign to a specially created organism or an existing one the function of preparing programs and submitting proposals for decisions of the Council in the urban sector. ESAPAC and CABEI are suggested for that job.

2. The agency must prepare a set of programs that can be discussed in special meetings. The preparation of the following projects is suggested:

- 1) Proposals for the structure of an urban government in main cities of Central America. It will be a complete study of the organization of such government, including: tax systems, functions to be assigned to the new unit, relationships with the other levels of the government, standards to be adopted in order to select any city for this type of organization, etc.
- 2) Proposals for the organization of an Urban Planning Department as part of the existing National Economic Institutes. It will include descriptions of the functions of this agency and how it will be interrelated with other agencies.
- 3) Investment location patterns. This study will be the base for the delimitation of the "urban system" proposed in this thesis. The study will include an inventory of the public investment in Central America, mainly in infrastructure, detailing their exact location. It will also include the location of new industries and the main old ones. From this spatial distribution of investment, as well as from the endowments of the areas the delimitations of the systems

that will act as magnets or poles of the urbanization, at the Central American level, will be decided.

- 4) Analysis of existing and future policies and plans in Central America in order to determine their relationships with the urbanization process, including specific recommendations for future actions.

These studies and others of similar character, since this is not an exhaustive relation, will be incorporated by each government in its respective plans, in the same way as in other sectors.

The next part will be a concern of each government. When some programs are under way in each country the need for coordination will determine another type of activities that will be very specific.

In this stage the Central American Agency for Urban Affairs will have the main role of adviser to the national and local governments and at the same time it must promote the training of technicians in urban planning and the preparation of technical standards.



## National Level

The logical measure here will be the adoption by each country of a national urban policy following the guidelines of the Central American policy.

It is clear that this step is more difficult than the first of the Regional Agencies because the existence of a Constitution, a large body of laws and an administrative system act together as a constraint for the official action.

To these constraints it is necessary to add the big differences that exist between countries, as it was pointed out in Chapter V.

The recommendations of specific measures in this level will require a detailed study of each country. But in general terms, from the information that was available, it is possible to suggest the following order of priorities:

First: In each country it is possible to organize a group of technicians, like a Commission, that will work within the National Economic Planning Agencies preparing the basic studies in order to link urban and economic developmental planning. This measure does not require a new law or any big administrative change.

This commission should have the responsibility of studying the relationships between Economic Plans and the

process of Urbanization. They will be the link of each government with the Central American Agencies related with Urban Affairs. At the same time they will have the responsibility of informing the local authorities of the decisions and studies of the Central Government. They will be a communication center as well as an active programming unit.

In this new Commission there will be some of the functions that are supposed to be performed by the Housing and Planning Institutes. The main goal behind this shift is the need of linking Urban activities with Development instead of that with Housing, as it was commented before. Housing and Planning institutes can keep some functions closely related to housing, such as urban analysis, in order to take rational decisions on location of projects or urban design of the new neighborhoods.

The work of this Commission must be preparatory for the institutional changes that must be introduced. It will be possible that during an initial period of time Central American Agencies and National Planning Institutes will be the only two working levels.

But the complete implementation of the proposal requires the organization and operation of urban plan-

ning agencies within the frame of municipal governments.

As a final remark I want to emphasize this point: Urban Planning must be related to economic development planning, but it should be a tool for an urban society in its struggle for a better future. Urban planning closely related to the values of the communities should be another way of achieving the goals of the integration of Central America. The new nation that sometime in the future might emerge will have the cultural endowments of the "Old Great Fatherland" and will be built up upon a well-organized system of self-governed democratic communities.

## APPENDIX 1

### A DIGRESSION: THE NEW CAPITAL CITY

Many times during the preparation of this thesis a question has come to my mind: Will Central American countries have a common capital city?

There is not a single reference to this possibility in the integration literature. When the first Constitution of the "Provincias Unidas del Centro de America" (United Provinces of the Center of America) was written in 1824, the question of a capital city was left for later decision.\*

The capital was first located in Guatemala, then was moved to San Salvador when the federal union died.

In recent times, in the 1920's a new approach was made for integration. A constitution for a "Federacion de Centro America" was issued on September, 1921, The capital city selected was Tegucigalpa, but again, the integration failed.

Now, in the present approach the idea of a Central American state is something that will emerge sometime.

\*Gallardo, Miguel Angel. Cuatro Constituciones Federales de Centro America y las Constituciones Politicas de El Salvador, 1945, Pages 1 to 20.

Then it will be necessary to define the question of the capital.

The situation of Central America today has some resemblance with Australia, at the beginning of the twentieth century. In Australia there were six colonies established by the British, each one with its capital city. Among those cities Sidney and Melbourne had a rivalry that could be compared with Guatemala City and San Salvador in our case.

Camberra was planned as the link between the six colonies. With the new city the six existing capitals could continue playing the role of Capital of their colony. In spite of the organization of Camberra the other six cities continued as the main urban centers of the country. They had 54% of the population of the country in 1954.

In Central America there is a possibility of developing a capital city. The problems that are related with such a project are numerous but it will be possible to solve a large number of them if the economic problem of the initial large investment corresponding to the infrastructure is solved.

The proposal here is to build the Capital City as part of the facilities for a new interoceanic canal. This large project must be studied in detail. It involves

economic, social and political interests, and, of course, the technological aspects of the construction are the central point.

It is not our purpose to discuss here the advantages or limitations of such a proposal. It will be another thesis. But in order to explain my approach let me summarize some important aspects.

1. The site of the new canal must be considered a "Central American territory". The administration and sovereignty of this land must be under special authority backed by the five countries.

2. The financial aspect of the projects will be a joint venture of the five countries with the cooperation of the international agencies. The special Central American Authority would emit bonds with the guarantee of the commercial activities of the Canal.

3. As part of the project the Capital City will be built. In the case of the Panama Canal several towns and similar facilities were built within the Canal Zone.

4. The new city will have the economic base of the services required by the operation of the Canal and besides, the functions derived from its character of Capital City of Central America.

5. The place for the new city might be the intersection of the Pan American Highway and the canal. From the different alternatives of location now mentioned in

the technical studies, the site in Nicaragua can be the best suited for this proposal because of its location within the five countries.

It would require a large number of studies and a complex framework of diplomatic treaties to arrive at the realization of such a project, but at the end of the Twentieth Century or at the beginning of the Twenty-First, the free world could help these five countries to consolidate their destinies around a modern, beautiful and wealthy capital city.

## APPENDIX 2

### FUTURE RESEARCH ON THE SAME TOPIC

The activities that are now under study in Central America will provide an excellent frame for the evaluation of this thesis, and of course, the possibility of better studies in the near future.

Using this thesis as part of a background, it is suggested that the scope of a future work must be oriented:

1. To the evaluation of the National Plans now in discussion (1965) that will be adopted by the five governments this year.
2. The study and evaluation of the Central American Development Policy, now under study, that will be the base of a Central American Development Plan (See Chapter VI).
3. Urban Planning. Proposal for its organization, case studies.

These aspects will permit the reformulation of an urbanization policy, well framed in the Development Plans for the rest of the 1960's.

The preparation of a case study using one of the five countries as a topic is another important area of research that can be a useful contribution to the analysis



of the urbanization process.

Two countries of Central America present special interest and possibilities, for this study: El Salvador and Costa Rica.

Both countries have excellent statistical material and the institutional framework looks adequate for the study of the urbanization process in a comprehensive way.

In the second part of the bibliography, pages to a selection of reading material is presented that can be useful in this respect, as well as a relation of institutions, and their respective addresses that can be consulted in order to get information for a work of this type.

The work already done can be considered as a single step in a large process. It is my hope that in the future more people will decide to explore this topic with better capability than this author.

NOTES

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26. Ibid., pages 36 and 37.
27. SIECA, The Central American Common Market, Op.Cit., page 32.
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29. A report of this meeting and the previous activities of the Subcommittee are presented in the United Nations Document: Informe de la Segunda Reunion del Subcomite de Vivienda, Edificacion y Planeamiento del Itsmo Centroamericano, San Salvador, El Salvador, 13 al 19 de mayo de 1963, Document: E/CN.12/ CCE/ 305; (E /CN.12/ CCE S.C. 4/ 25/ Reull)
30. ECLA, Industrial Policy Problems in Central America Economic Bulletin for Latin America, March, 1964, pages 117 to 140.
31. Ibid., page 124.
32. Oficina Nacional de Urbanismo, Transporte Colectivo Urbano, Managua, 1961, page 15.
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47. Ibid., Chapter 4 is an excellent analysis of this process in Latin America.
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49. Based on an unpublished report of the Director of the Joint Mission, in the Subcommittee of CIAP on Central America, Washington, D.C., September 11 to 14, 1964.

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