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SUBJECT NON CAPITAL PROJECT PAPER (PROP)
Graduate Economics Education

REFERENCE

COUNTRY: BRAZIL

PROJECT: 512-11-660-267.1

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SUBMISSION DATE: October 21, 1969 ORIGINAL: X

PROJECT TITLE: Graduate Economics Education

U.S. OBLIGATION SPAN: FY 1958 through FY 1972

PHYSICAL IMPLEMENTATION SPAN: FY 1958 through FY 1972

GROSS LIFE OF PROJECT FINANCIAL REQUIREMENTS:

U.S. Dollars	\$2,408,000
Local Currency (Trust Funds in US\$)	226,000
Local Currency (PLA80)	20,000
Cooperating Country Cash Contribution	500,000
Other Donors	718,000
Total	\$3,872,000

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DRAFTED BY <i>CEustig/nc</i>	OFFICE HRO	PHONE NO. 250	DATE 10/21/69	APPROVED BY: ADER: <i>Harrison</i>
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I. SUMMARYJustification

Brazil needs trained economists. It needs them in government, ministries and development agencies to plan and carry out its programs of economic and social development. It also needs them in private industry, banking and the universities. The United States and other governments, as well as private foundations and international agencies, for a number of years have provided economists to Brazil in certain critical sectors to help alleviate the need. Such palliatives, however, cannot continue indefinitely.

At the same time, business and industry draw on the university staffs for trained economists, thereby reducing the already inadequate supply of experienced professors, particularly those with post-graduate degrees. The shortage of qualified professors not only limits the number of students in economics programs but acts as a disincentive to graduate work. Thus, the objective of this project is to help Brazil meet its demand for trained economists by assisting in the development of educational institutions offering postgraduate programs in economics.

Education in Brazil is a priority area to the social and economic development objectives of the Brazilian and U.S. governments. The project relates to these objectives through its development of centers of academic excellence in economics. It also provides some of the highly skilled professionals required to identify and define Brazilian economic problems, analyze their causes and elaborate meaningful solutions for the development of both the public and private sectors of the economy.

Project Goals and Targets

At the time the project was conceived in 1964 its objective was to establish an effective graduate training facility in economics at the University of São Paulo. The parties anticipated, somewhat optimistically, that this objective could be achieved in approximately four years. However, no specific targets were established which described what had to be achieved during the four-year period to develop an "effective" graduate program.

In the past 18 months USAID, in conjunction with the University of São Paulo and the Ford Foundation, has developed a set of targets which, if achieved, will lead to an effective master's degree program by the end of 1970. These targets are the following:

- 1) the achievement by 1970 of a master's degree program in economics, with an integrated research program in theoretical and applied economics, and with a capacity of at least 40 students annually;
- 2) the upgrading of the staffs of graduate schools of economics (and concomitantly, the undergraduate schools) in at least ten other universities in Brazil;
- 3) the development of trained economics faculties through the selection of candidates and the award, before 1970, of at least 70 participant training grants in the United States leading to M.A. and Ph.D. degrees in economics;
- 4) the addition to the full-time staff of the Faculty of Economics at the University of São Paulo of at least six to eight Ph.D.'s from among these participants.

Collaterally, the project aims at the establishment of a two-semester sequence in the graduate economics program at São Paulo, the

development of incentive incentives for the maintenance of a full-time teaching staff and the institution of admissions tests to assure that the selection of postgraduate students is predicated upon their ability to undertake careers in economics.

Minimum Levels of Output ✓

To achieve the goals of this project the University of São Paulo must provide and maintain adequate facilities for at least 40 graduate students of economics. Additionally, it must provide from Brazilian schools of economics by 1970 at least 70 scholars capable of pursuing postgraduate training in the United States.

General Approach and Plan of Action

USAID and the Ford Foundation are providing the services of three economists to assist the University of São Paulo to develop a postgraduate economics program.

USAID, through a contract with Vanderbilt University, provides the services of two full-time professors to the Economics Research Institute (IFE) at the University, as well as short-term consultants for short courses and seminars in specialized economics subjects. Additionally, USAID provides funds for participant training in graduate economics at Vanderbilt and other qualified academic institutions in the United States. The Vanderbilt professors serve three principal functions: (1) they act as advisors to the University in the development of an adequate administrative structure for a graduate school of economics; (2) they advise the Faculty of Economics on the formulation of a modern curriculum for the graduate program and (3) they teach courses and supervise counsel graduate students at IFE.

The Ford Foundation consultant assists the Faculty in the development of a research program in economics, assures the integration of this program with the academic curriculum and counsels on the publication of research papers. The Foundation also provides a limited number of stipends to research assistants attending the program at São Paulo and supplementary grants to certain married participants selected by Vanderbilt and USAID for postgraduate work in the United States. The Ford Foundation also financed most of the cost of a computer for the research center.

The University of São Paulo provides the services of ten full-time faculty members and the physical facilities for the graduate school and the research center. Likewise, it furnishes administrative support to the project, including translator and interpreter services, clerical services and materials and supplies.

An innovation incorporated in the project during 1968 was an extension program with other graduate economics institutions in Brazil. This program, funded by COVAP, began as a pilot project to improve the level of instruction at six selected economics faculties and was considered so successful that the Brazilian Government requested it be continued and expanded. At the present time COVAP is providing funds for IFE to cooperate with 12 other institutions in conducting short courses to upgrade their economics faculties. Through the extension program efforts are also being made to increase, among many advanced undergraduates, interest in pursuing graduate economics study.

II. SETTING

No satisfactory study exists of the need in Brazil for trained economists. There is abundant empirical evidence, however, that the need does exist, both in terms of quantity and quality.

In 1965 the number of economists in Brazil was estimated at 40,000, and the number graduating each year from universities was estimated at approximately 1,400. Moreover, by 1965 the number of Brazilian universities preparing economists had risen to 70, and an increase of approximately 35 per cent since 1958. Nevertheless, while there are in fact a large number of students enrolled in schools of economics, the quality of instruction has suffered from a scarcity of well-trained professors. Professional economists, particularly those with graduate degrees from abroad, are in great demand in Brazil, where they command large salaries and usually occupy more than one job. (There are, for example, only three Brazilian economists with Ph.D. degrees from American universities.) As a result, they are spread very thinly among many government, business and academic enterprises, and those few who teach in the universities do so only on a part-time basis.

The shortage of well-trained economists is also reflected in government. In the Ministry of Planning, for example, USAID has for several years provided a team of economists to assist in preparing a development planning mechanism.

Thus, the Graduate Economics program relates in the broadest sense to mission objectives. It assumes that the development of a postgraduate institute in economics not only will increase the supply of Brazilian economics professors but will also enhance the quality of economics education in general and thereby provide better economists for both the public and private sectors of the economy.

III. STRATEGY

The strategy of the project, since the beginning of the contract in 1966, has been to assist Brazil to meet its demand for trained economists through the development of a postgraduate center of economics, a primary objective of which is to prepare economics professors for university staffs throughout the country. (In 1968 the project strategy was broadened in to include a cooperative program of seminars and short-term courses in economics with other graduate institutions in Brazil in order to share the expertise of their faculties and thereby improve the general level of economics instruction by their staffs.

At the time the project was being planned, four graduate institutions were considered for assistance, including the Getulio Vargas Foundation in Rio de Janeiro, which was already receiving USAID support for its economics program. In the final analysis, however, the leadership available at the Faculty of Economics and Administration of the University of São Paulo seemed to offer the best hope for a successful postgraduate program. The Faculty included three professors, Antônio Delfim Netto, José Casarigo and Miguel Colasuonno, who were not only well-trained economists but also dynamic administrators. Delfim Netto is presently Minister of Finance, but Casarigo and Colasuonno are still at the Institute and are responsible in large measure for the development of the project, including the extension program. Under their direction the graduate school of economics has

served as a model for the other postgraduate programs at the University. They have also taken the initiative in the formation of a Brazilian Economic Association.

The ~~best~~ lead taken by the Graduate Economics program in establishing a two-semester sequence, in weakening the catedrático system and in integrating the research and instructional programs is an excellent demonstration of what the University Administration Improvement and Reform project is attempting to achieve on a national scale.

IV. PLANNED TARGETS, RESULTS AND OUTPUTS

There have been two major goals in the development at IPE of a graduate economics program, as presently planned: (1) the initiation during 1966-1967 of one-year course leading to a certificate in economics and (2) the ~~initiated~~ institution during 1970 of 18-month to two-year courses leading to a M.A. degree. Some consideration has been given to the initiation under the project of a Ph.D. program in 1971. However, a decision has been deferred until the project is evaluated in November of this year.

With the development of a master's degree program IPE is expected to have a capacity of at least 40 students annually. Furthermore, the faculty of Economics will have added to its full-time staff at least six to eight Ph.D.'s trained in the United States under the project. Plans also call for the continued development of IPE's research facilities and their integration into the academic curriculum. Beginning in June 1970 the ~~University~~ University of São Paulo expects to grant annually ten to 12 master's degrees upon the completion of three semesters of work, in addition to the certificate granted in the postgraduate diploma course to those not continuing their studies beyond two semesters. The project is scheduled to terminate in December 1971.

49 Since 1966 the University and the Getúlio Vargas Foundation have sent approximately 15 candidates to the United States for postgraduate training in economics. Between now and the termination of the project an additional 25 participants will be sent.

Through the extension program the project will assist in the needs revitalization of at least ten schools of economics in Brazil by improving the quality of their economics education programs. This effort has already resulted in a decrease in the amount of remedial work required at the postgraduate level. The universities cooperating in the extension program will benefit by an aggregate addition to full-time staff of at least 55 professors with M.A. or Ph.D. degrees, trained in the United States under the project.

V. COURSE OF ACTION

The Ford Foundation and USAID from the outset adopted separate but complementary tasks under the project. The Ford Foundation has concentrated on the development of the research facility at IPE, and USAID on academic and institutional development. The University of São Paulo has provided most of the physical facilities and ~~administrative~~ administrative support.

Since 1966 the Ford Foundation has provided a Research Director to the University and plans to continue this assistance through 1971. The Director has the responsibility for organizing the economics research program and integrating it with the academic program of the Faculty.

USAID has provided since 1966 the services of two contract economists to teach in the ~~masters~~ diploma program at IPE and to counsel on curricular and administrative development necessary for a master's degree program. Between 1966 and 1969 USAID also provided a third contract economist to teach at the Getúlio Vargas Foundation in Rio de Janeiro.

A major aspect of the program has been the selection of participants for advanced degree training in the United States, beginning in 1966 with three instructors from the University of São Paulo.

The graduate school library has also been improved through the ~~joint~~ joint efforts of the Ford Foundation, USAID and the University. Each year since 1967, new titles of ~~gs~~ texts and reference works have been added.

The first-year diploma program was completed in 1966, from which candidates were selected for further postgraduate training in the United States. From a class of 29, six were selected and trained in English, and all have ~~now~~ obtained a M.A. degree and returned to the Faculty.

An IBM 1130 computer ~~is~~ was purchased jointly by the research center of IPE, the Ford Foundation and the University in 1967. During the same year the second-year diploma course was initiated and a research assistant, trained in the United States with M.A. in economics, was incorporated within the program. Seven participants were sent to the United States for graduate training during 1967, and the Ford Foundation granted a limited number of research assistantships to graduates of the first certificate program. A Distinguished Lecture Series, sponsored by the University, USAID and the Ford Foundation, was begun during the 1967 academic year, providing leading lecturers in the field of economics at the University and the Getúlio Vargas Foundation.

During 1968 four ~~participating~~ participants returned with M.A.'s in economics and were added to the staff of IPE as instructors and research assistants. Twenty-two additional participants were sent to the United States for graduate training.

A major innovation in the project was the initiation in 1968 of an extension program to ~~also~~ upgrade the economics staffs of six other Brazilian graduate institutions. This program embodies five principal elements: (1) Brazilian and U.S. contract professors from the University of São Paulo give short courses for the academic staffs of the cooperating institutions; (2) books are donated to the cooperating institutions to improve their library facilities; (3) U.S. professors act as consultants to the universities on their research programs and curriculum development; (4) bright students and promising young professors are selected for graduate training in the United States; and (5) the cooperating institutions participate in the Distinguished Lecture Series.

With the establishment of a master's degree program during the 1969 academic year, students entering the postgraduate course at IPE have the option of pursuing the two-semester diploma program or the three-semester M.A. program. During the year the first Ph.D. trained in the United States under the project is scheduled to return to the University. At the request of the participating universities and the Government of Brazil the number of extension courses has been tripled to over 40 and the number of universities has been doubled to 12. During 1969 20 to 25 participants will go to the United States for additional postgraduate training.

Subject to the availability of funds, at least 15 participants will be sent to the United States for graduate training in 1970, and 17 or more will be sent in 1971.

Late in 1969 there will be an evaluation of the Graduate Economics project by two contract consultants. Included in their terms of reference will be an assessment, from an academic, administrative and developmental point of view, of the program at IPE and the prospects for its further development. Based upon a review of the evaluation and other factors, e.g., financing, a decision will be made by the project parties to terminate assistance to IPE in December 1971, as presently planned, with the completion of the master's degree phase or to prepare a new work plan for such extended development assistance as the evaluation may indicate, including support for the evolution of a doctoral level program

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NON-CAPITAL PROJECT FUND (Obligations in \$000)

Table 1
Page 1 of 2 pages
COUNTRY: BRAZIL

PRGF Date
Original
Rev. No.

Project Title: Graduate Economics Education Project No: 512-11-660-263.1

Fiscal Years	Ap	L/G	Total	Comm ^{1/}	Per. Serv.			Participant		Commodities		Other Costs	
					AID	PASA	Cont	U.S. Agen.	Cont	U.S. Agen.	Cont	U.S. Agen.	Cont
Prior thru Actual FY 69	AG	G	1504	840	18	-	518	656	208	-	25	50	89
Operational FY 70	AG	G	425	294	20	-	97	110	174	1	15	-	8
Budget FY 71	AG	G	353	206	66	-	91	80	92	1	15	-	8
B + 1 FY 72	AG	G	66	-	66	-	-	-	-	-	-	-	-
B + 2 FY 73			-										
B + 3 FY 74			-										
All Subs Yrs			-										
Total Life	AG	G	2408	1340	170	-	706	846	474	2	55	50	105

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RIO DE JANEIRO TOCID A

^{1/} Memorandum (nonadd) column.

Fiscal Years	AID-controlled Local Currency		Other Cash Contributions Country	Other Donor (\$ Equiv.)	Food for Freedom Commodities	
	U.S. owned	Country owned			Metric Tons (USC)	CCC Value Freight (\$000)
Prior thru Actual FY 69	20 ^{2/}	50	325	433 ^{2/}		
Operational FY 70	-	73	100	285 ^{4/}		
Budget FY 71	-	78	76			
B + 1 FY 72	-	25				
B + 2 FY 73	-	-				
B + 3 FY 74	-	-				
All Subs. Years	-	-				
Total Life	20	226 ^{1/}	500	718		

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^{1/} Trust Funds
^{2/} \$ Equivalent of NCr\$82,000 - PL480 - See 104 (f).
^{3/} Ford Foundation 4-year grant (1966-1970).
^{4/} Ford Foundation 2-year grant (1970-1971)