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Economic Commission for Latin America

DRAFT REPORT OF THE EIGHTH SESSION OF THE COMMITTEE OF HIGH-LEVEL  
GOVERNMENT EXPERTS: APPRAISAL OF THE IMPLEMENTATION OF THE  
INTERNATIONAL DEVELOPMENT STRATEGY FOR LATIN AMERICA  
AND THE CARIBBEAN, TAKING INTO ACCOUNT THE  
CURRENT INTERNATIONAL ECONOMIC CRISIS \*/

(Montevideo, Uruguay, 18-23 January 1984)

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\*/ Preliminary version. Comments on this draft report should be submitted to the ECLA Secretariat before 8 March 1984.

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## Part One

### I. ORGANIZATION OF WORK

#### Date and place of the session

1. The eighth session of the Committee of High-Level Government Experts (CEGAN) was held at Montevideo, Uruguay, from 18 to 23 January 1984, in accordance with the provisions and resolution 419 (PLEN.14) of the Committee of the Whole of ECLA and resolutions 422 (XIX) and 425 (XIX) adopted at the nineteenth session of the Commission. Those resolutions state that CEGAN should meet at least once a year to review and appraise the implementation of the International Development Strategy for the Third United Nations Development Decade (IDS) and the Regional Programme of Action. This work is carried out in the framework of the review and appraisal of the implementation of the International Development Strategy laid down by the United Nations General Assembly in its resolution 37/202.

#### Participants \*/

2. The session was attended by governmental experts from the 19 Member States of the Commission: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

3. The United Nations Secretariat participated through representatives from the Office of the Director-General for Development and Industrial Economic Co-operation, the Department of International Economic and Social Affairs and the United Nations Industrial Development Organization (UNIDO).

4. Representatives of the following agencies of the United Nations system attended: Food and Agriculture Organization of the United Nations (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization/Pan-American Health Organization (WHO/PAHO) and the World Bank.

5. The session was also attended by representatives of the following inter-governmental organizations: Latin American Integration Association (ALADI), Intergovernmental Committee for Migration (ICM), and representatives of the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA) and of the Latin American Economic System (SELA).

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\*/ See list of participants in the annex.

Election of Officers

6. At the first meeting, the following officers were elected by the participants:

Chairman:	Uruguay
First Vice-chairman:	Peru
Second Vice-chairman:	Mexico
Third Vice-chairman:	Cuba
Rapporteur:	Ecuador

Agenda

7. The meeting adopted the following agenda:

1. Election of officers
2. Adoption of the provisional agenda
3. The implementation of the International Development Strategy and the prospects of Latin America and the Caribbean for the rest of the decade, taking into account the current economic crisis
4. Consideration and approval of the report.

Opening Meeting

8. At the opening meeting held on Wednesday 18 January, statements were made by Mr. Carlos A. Maeso, Minister for Foreign Affairs of Uruguay, and Mr. Enrique V. Iglesias, Executive Secretary of ECLA.

9. Mr. Maeso, after welcoming the participants, spoke of the features of the current economic crisis, the most serious in the century, and stated that it was no longer possible to delay responding to that crisis. The recently-approved Declaration of Quito had set forth the problems of the Latin American countries in that regard. His country attached great importance to studies and actions by the United Nations, especially those of ECLA, in the economic field. Finally, he said that Latin America could not delay making a supreme historical effort towards great achievements, and should consider renewed and intelligent action in the region to be within reach and unity among the peoples of Latin America no longer to be a Utopia.

10. Mr. Iglesias thanked the Government of Uruguay, for its hospitality and stressed the importance of the work of CEGAN for the appraisal of the IDS to be

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carried out by the General Assembly in 1984. He then referred to the magnitude of the economic crisis currently affecting the region, the intensity and conditions of which were turning out to be unpredictable in the technical and political spheres, and mentioned the external conditions to which the Latin American economy was subject. In that connection, he mentioned the recent Latin American Economic Conference in Quito and stressed that its main message for the region had been that a new approach must be taken to the situation the region was experiencing and that it could not continue to be subjected to the contractive and recessive policies applied by some international bodies. The conclusions of that Conference were related to the work of the present session of CEGAN. He appealed to the countries not to allow themselves to be paralyzed by the crisis and to prepare an analysis which would take into account the importance of a dynamic Latin American region to the world economy.

#### Closing Meeting

11. At the closing meeting held on Monday, 23 January, statements were made by His Excellency Ambassador Arturo González Sánchez, representative of Mexico, who spoke on behalf of the participating delegations; Mr. Enrique V. Iglesias, Executive Secretary of ECLA, and Mr. Lionel Rial, Under-Secretary of the Ministry of Economic Affairs and Finance of Uruguay and Chairman of the session.

12. After thanking the host governments for its hospitality, the representative of Mexico spoke of the crisis which the region was experiencing and the role of the eighth session of CEGAN in the appraisal of the implementation of the International Development Strategy. He stressed the elements pertaining to the diagnosis of the situation and the renewed importance of co-operation within Latin America and international co-operation, as well as the need to propose additional policy measures to ensure the implementation of the IDS. He pointed out that the agreements reached at the current session complemented those which had been reached at the Latin American Economic Conference held in Quito. Finally, he congratulated the Secretariat of ECLA for its contributions to the session and praised the Chairman for his wise leadership of the deliberations.

13. The Executive Secretary of ECLA said that the exercise undertaken by CEGAN at its eighth session represented a valuable contribution to the study of the problems affecting the region, as part of the appraisal of the implementation of the International Development Strategy. He referred to the important efforts

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that had been made by the Latin American Governments in this regard and stressed the significance of the Regional Programme of Action approved in 1981, pointing out that the prevailing worldwide economic circumstances made it imperative that the problems be restated so that new solutions might be found. At its eighth session, the Committee had reiterated the message of the Latin American Economic Conference of Quito and had clearly put forth the idea of co-responsibility for the world economic crisis. It had also contributed towards laying the foundations for a different, more effective type of international co-operation.

14. The Chairman of the session stressed the role played by the Head of the Delegation of Peru, who, as First Vice-Chairman, had ably led most of the discussions. Stressing the contributions made by the delegations and the Secretariat, all of which had helped the Committee produce results which clearly showed the extraordinary sense of responsibility with which the region was dealing with its problems, he declared the session closed.

/II. SUMMARY



## II. SUMMARY OF THE DEBATE

15. At the first plenary meeting, the Deputy Executive Secretary for Economic and Social Development of ECLA introduced the document entitled The Crisis in Latin America: Appraisal and Prospects (E/CEPAL/CEGAN 8/L.2) and summarized the main topics discussed in it, which relate to the Latin American crisis and the prospects for the development of the region.

16. Several delegations of member States of the Commission stressed that the session was being held at a very opportune moment, in light of the willingness to take joint political action that had been expressed at the recent meeting in Quito, Ecuador, of the Latin American Economic Conference, at which significant channels had been opened for co-operation in the area of regional integration. They also pointed out that the current exercise provided an excellent opportunity to give concrete shape to the aims set forth at that conference by the Latin American countries. They agreed that the current session would make it possible to discuss in greater depth some of the economic issues that were most important to the region. Such a study would supplement and support the decisions of the aforementioned Conference.

17. The delegations stressed that the documents prepared for the session by the Secretariat of ECLA represented a very positive contribution to its work and gave a true picture of the current economic situation of the region.

18. The delegations then discussed item 3 of the agenda, relating to the appraisal of the implementation of the International Development Strategy and the prospects of Latin America and the Caribbean for the rest of the decade, taking into account the current economic crisis.

19. During the deliberations, reference was frequently made to the Political Declaration and Plan of Action adopted by the Latin American Economic Conference, held recently in Quito. It was felt that that document reflected a consensus position of the Latin American and Caribbean countries concerning the causes and implications of the worldwide crisis affecting all the countries of the region and, in particular, concerning proposals for action to be taken to find solutions to the serious recession being experienced by most of our countries.

20. The result of these deliberations was the Appraisal of the Implementation of the International Development Strategy for Latin America and the Caribbean,

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taking into account the current economic crisis, which was approved by consensus at the final plenary meeting and which appears as Part Two of this report.

21. The Appraisal consists of a preamble and three chapters. The preamble discusses the background information and the mechanisms which were used in the appraisal of the implementation of the IDS and the RPA.

22. Chapter I, entitled "Appraisal of the current economic and social situation of Latin America and the Caribbean", presents a discussion of the question of the renegotiation of the external debt and the policies applied in that connection. It stresses the social and economic effects of an external adjustment based on the reduction of imports. It also examines the new implications of protectionism and the obstacles to international negotiation. Finally, it underlines the challenges and tensions facing efforts at integration and regional co-operation.

23. In chapter II, "General appraisal of the implementation of the Regional Programme of Action", the social and economic evolution of the triennium 1981-1983 is examined within the conceptual framework of the Programme of Action. It is thus established that the structural problems which existed at the beginning of the 1980s have become more serious. A broad analysis is made of the main chapters of the Regional Programme of Action, i.e., economic and social development and co-operation within Latin America, interregional co-operation and international co-operation.

24. Finally, in chapter III, entitled "Policies and measures for action", it is pointed out that the measures set forth in the RPA for achieving the objectives thereof are still fully valid but that additional measures must be taken that are particularly aimed at offsetting the effect which the crisis has had on the economies of the countries of the region. This chapter was drafted bearing in mind, in particular, the agreements reached at the Latin American Economic Conference in Quito.

25. The Executive Secretary of ECLA made two comments concerning the procedure to be followed when the Appraisal is submitted for consideration by the Commission at its twentieth session (Lima, Peru, 29 March to 6 April 1984). Firstly, he informed the delegations that it would be useful, in order to facilitate the discussion of the Appraisal by ECLA, for the Latin American Group to review it sufficiently in advance of the meeting of Committee I, which would have to consider it. This would give the countries that had not been present at the

current session of CEGAN the opportunity to make their contributions to the document.

26. Secondly, he said it would be important to make some innovations in the procedure followed by ECLA in connection with the appraisal exercise. According to the relevant mandates, ECLA was responsible for appraising the implementation of the strategy in Latin America and the Caribbean as the region's contribution to the appraisal exercise that would be carried out in 1984. According to the relevant regulations, the regional appraisal was to begin with the exercise undertaken by CEGAN at the level of the developing countries members of the Commission. On previous occasions, the document produced by CEGAN had been submitted to Committee I at the relevant session of ECLA, where an effort had been made to reach a consensus on the text, with the developed countries members of the Commission taking part in the debate. In his view, rather than seeking to achieve consensus and adopt resolutions which were more in the purview of negotiating bodies other than ECLA, the most important aspects of the debates of ECLA were the conclusions that were reached on technical matters and the opportunity to exchange ideas. Consequently, he suggested to the delegations that they might wish to consider changing the procedures followed previously; thus, Committee I might undertake its work with the CEGAN report before it and use that document as the basis for a broad exchange of ideas, concepts and proposals with the other member countries of the Commission. The report of the Committee could thus bring together the text prepared by CEGAN and a summary of the debate on technical and political aspects, as well as the comments of all the Governments. That summary, together with the CEGAN report, would constitute the final report to be submitted to the plenary of ECLA. The Commission could take note of the report, which would thus become its contribution to the appraisal exercise requested of it, for submission to the Economic and Social Council.

27. One of the delegates, speaking on behalf of his colleagues, expressed his appreciation to the host Government for its magnificent hospitality and to the Chairman for his sensitive leadership of the session. He also thanked the Executive Secretary of ECLA for the proposals he had made, in exercise of the authority vested in him. He said those proposals had been noted and would be transmitted to the Governments. For his part, the representative of Peru offered

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the collaboration of his country in connection with the proposal that a meeting of the Latin American Group be convened during the technical stage of the twentieth session of ECLA.

28. Finally, the Rapporteur submitted the report of the session, which was approved by the participants on the understanding that the Governments might make comments on it within a period of 45 days, as stipulated in the relevant regulations.

Part Two

APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT  
STRATEGY FOR LATIN AMERICA AND THE CARIBBEAN, TAKING INTO  
ACCOUNT THE CURRENT ECONOMIC CRISIS

PREAMBLE

1. In its resolution 35/56 of 5 December 1980, the United Nations General Assembly adopted the International Development Strategy for the Third United Nations Development Decade. This Strategy lays down the goals and objectives which should be attained during the 1980s and also the measures which should be taken at the domestic level and especially at the international level to achieve the purposes proposed.
2. The IDS laid down that the United Nations regional economic commissions should consider the feasibility of preparing action programmes to support the efforts of developing countries in the implementation of the IDS in their respective areas.
3. In April 1981 the Latin American governments adopted the Regional Programme of Action for Latin America in the 1980s designed as an instrument of the application of the international development strategy. The Programme contains nine areas of action designed to tackle the problems and the prospects identified, includes a thorough evaluation of the processes of economic and social change and demonstrates the existence of serious structural problems and disquieting trends.
4. The Regional Programme of Action establishes several objectives for the countries of Latin America and the Caribbean, among which the following deserve mention: a) speed up economic and social development and the structural change of the national economies and speed up the development of the region's scientific and technological capacities; b) promote a fair distribution of national income and eradicate situations of poverty as rapidly as possible, in particular by applying an integral strategy for eliminating hunger and malnutrition; c) structure an adequate economic policy which will lead towards the establishment of conditions in which inflationary processes may be controlled or obviated, without resorting to measures of a recessive nature which would cause unemployment and aggravate social tensions; d) stimulate the active economic, social and political participation

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of the entire population in the economic and social development process, as well as in the decision-making process at all levels; e) conserve the quality and increase the potential of the environment; f) define an energy model which will make for an orderly transition from an economy based on hydrocarbons to one that substantially increases the role of renewable resources; g) conserve and encourage cultural authenticity and identity and the development of the countries' own living styles; h) freely exercise full and permanent sovereignty, including the possession, use and disposal of all their wealth, natural resources and economic activity; i) strengthen integration and the different forms of co-operation among the countries of the region; and j) promote a change in the structures of external economic relations so as to achieve a new international economic order and the proposals of the Charter of Economic Rights and Duties of States.

5. The action proposals of the Regional Programme of Action are set forth in the context of a realistic analysis of prospects, and also lay down some general considerations and guidelines, of which the most important are the following: a) it is acknowledged that there do not exist sufficiently dynamic factors which could spontaneously change the nature of the process; b) the immediate prospects for the overall economic evolution of the Latin American countries are not the same for all of them, and in many situations differ substantially; c) far-reaching changes are required in the structure, operation, policies and institutional organization of the world economy, and in national policies; d) the problems should be approached through strategies and policies of a global, coherent, simultaneous and integral nature, which should take account of the diversity of current conditions, as well as prospects for the future; e) it is essential to bear in mind that the concept of integrated development presupposes, on the one hand, that economic growth should be accompanied by redistribution, and on the other, that social action should be carried out in the framework of adequate economic dynamism, in order not to frustrate their dynamic and redistributive effects.

6. Based on the above, the Programme envisages five broad areas for action:

- a) National economic and social development,
- b) Co-operation within Latin America,
- c) Co-operation with other developing areas,
- d) International co-operation,
- e) Institutional aspects.

7. The Regional Programme of Action, far from being a prognosis of the situation in the future, was attempting to introduce changes in the internal and external conditions and policies in order to tackle social problems and accelerate economic development. Thus, the achievement of the objectives and targets laid down was based on a strategy of economic and social change which envisaged significant changes in the region's international role, in economic relations within the region and with other developing regions and the socioeconomic structure of the Latin American countries.

8. With the passage of the first three years in the decade, it may be noted that the international situation, far from evolving as foreseen in the International Development Strategy, has gone in the opposite direction, in many respects exceeding the pessimistic prognosis made and increasing the uncertainty which existed at the beginning of the 1980s. Thus, external circumstances have arisen which, at least in the early phases, have made the structural and institutional changes provided for in national and regional plans more difficult. The main problems to which attention is drawn in the Regional Programme of Action have increased. As things now stand, structural problems similar to those in 1980 have arisen, but their aspects have changed in that in general they have become more dramatic and difficult to control.

9. The Regional Programme of Action was aimed at the solution of the main structural problems identified, so that the economic and social development objectives laid down in it are still valid. Nevertheless, the relative importance of each of them may have changed when some of the problems grew more severe. Thus, for example, the objective of achieving greater equity in the distribution of income and wealth is now of basic importance in the light of the worsening of the situation of broad social groups which were already in conditions of extreme poverty in 1980.

10. The targets laid down constituted a quantitative framework which illustrated the dynamism and the effort with which it was believed progress could be made in the realization of the objectives proposed. Naturally, when they were established, consideration was given not only to the reforms envisaged but also to the original conditions. Conditions at the beginning of 1984 are very different and much more difficult than those at the beginning of 1981. Thus, whereas at that time it was recognized that a great effort was required to overcome the problems, it is obvious that today even more national and regional potential must be mobilized.

11. The IDS establishes machinery for the review and appraisal of economic and social development and of its own implementation, and this is carried out at various levels. As regards the regional appraisal, it lays down that the United Nations regional economic commissions should carry out the work of review and appraisal in their respective areas, while the General Assembly, for its part, will carry out the first review and appraisal in 1984.

12. On 20 December 1982, in resolution 37/202, the General Assembly decided to set up a committee of universal membership to carry out the review and appraisal of the application of the IDS at the global level in 1984, while it requested the regional commissions to carry out these tasks in their respective regions.

13. In these circumstances, the present meeting of CEGAN has examined the economic and social evolution of the countries of the region and appraised the progress made in the implementation of the IDS and of the Regional Programme of Action during the first three years of the present decade, at a time when a profound economic and financial depression is affecting the countries of the region and the course of economic and financial events at the national and international level has displayed, in its essential aspects, totally different characteristics and orientations from those which the IDS and the Regional Programme of Action set forth or proposed to establish.

14. In this respect, General Assembly resolution 37/202, adopted on 20 December 1982, states in one of its preambular paragraphs "that the adverse effects of the continuing international economic crisis, especially on the economies of the developing countries, make particularly necessary the task of carrying out such a review and appraisal with a view to considering the adjustment, intensification or reformulation of the policy measures required in the light of evolving needs and development, in order to achieve the goals and objectives of the International Development Strategy".

15. Furthermore, in resolution 38/152, adopted at its thirty-eighth session, the General Assembly reaffirmed the need, in the review and appraisal exercise, to identify and appraise the real causes for shortfalls encountered in the implementation of the International Development Strategy and to carry out, if necessary, the adjustment, intensification or reformulation of the policy measures foreseen in the Strategy in the light of evolving needs and development, in order for the instrument to contribute effectively to the development of developing /countries, with



countries, with a view to the establishment of a new international economic order. Emphasis should also be placed on the importance for the countries of the region of General Assembly resolution 37/203, of 20 December 1982, on negative trends in the world economy which have contributed to endangering the achievement of the goals and objectives of the Regional Programme of Action for the implementation of the International Development Strategy and, especially, on the effect of the prolonged monetary instability, the intensification of protectionist pressures, the maladjustment and structural problems of the world economy and the uncertain prospects for recovery in the long term.

16. The holding of the Latin American Economic Conference in Quito, Ecuador, in January 1984, was a vitally important event for the region, and the Declaration of Quito and Plan of Action adopted at the Conference represent the basic platform on economic matters of Latin America and the Caribbean to meet the growing crisis which the region is currently experiencing. Achievements in implementing that Plan would undoubtedly be an important element in the next appraisal of the International Development Strategy which would reflect the region's unprecedented efforts to overcome the crisis.

I. APPRAISAL OF THE CURRENT ECONOMIC AND SOCIAL SITUATION  
OF LATIN AMERICA AND THE CARIBBEAN

A. BACKGROUND

17. In its appraisal of the economic and social development of Latin America and the Caribbean, CEGAN has especially borne in mind the following basic principles, adopted at the Latin American Economic Conference, held recently in Quito:

"1. We reaffirm the brotherhood and solidarity of our peoples and their aspiration to live within the framework of democratic principles, and we reaffirm our unity in diversity and respect for the sovereign right of all the nations of Latin America and the Caribbean to follow in peace and freedom and relieved of all forms of foreign intervention, their own economic, social, and political paths, rejecting discriminatory or coercive economic measures for political reasons and ensuring the full exercise of human rights and the benefits of progress for all their inhabitants in an environment free of external pressures, threats and aggression.

2. We reiterate our commitment to eliminate once and for all any recourse to the threat or the use of force in the solution of international conflicts. We once again call for disarmament that will make it possible to reallocate the resources squandered on the arms race and armaments towards objectives which contribute to strengthening the development of all the peoples of the world. There is an essential link between the problems of peace and of development, since without peace, development will be unattainable, and without development, peace will always be precarious.

3. We express our concern over the worsening of the tensions overshadowing international relations and already engulfing many areas of the planet, thereby constituting a serious threat to world peace. Latin America and the Caribbean do not resign themselves to being the arena of alien confrontation and firmly believe that the region's problems should and can be resolved in our own sphere, thereby ensuring that the Latin American area will be a zone of peace.

4. We reject the interventionism which has recently manifested itself dramatically in the region, and we stress the need to find a negotiated

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solution to the problems of Central America which arise from the economic, social, and political conditions prevailing in that area, to which end we lend full political support to the Contadora Group. We are aware that at the present time the Central American countries are suffering more acutely the economic problems which are affecting Latin America and the Caribbean. Consequently, we wish to offer our support to the Action Committee for the Support of Economic and Social Development in Central America (CADESCA), a Latin American regional mechanism recently established in SELA to assist, inter alia, in mobilizing resources for economic and social development aimed at solving the major problems of the Central American people." \*/

18. In addition, CEGAN reaffirms that: "Development should be conceived of as an integral process characterized by the achievement of economic and social goals and targets which will ensure the real participation of the population in the development process and its benefits, for which purpose it is necessary to make deep-seated structural changes in this context as a prerequisite for the integral development process aspired to. In the attainment of this objective, the integral participation of women on an equal economic, political and cultural footing is considered essential.

19. "The analysis of the nature and extent of the central problems of Latin American development shows clearly that they relate to the structure and operation of the economic and social process, that they are inherent in this process, and that their solution requires institutional and structural changes at the internal level and in the context of the world economy, which will lead to a new functioning of the economy and society in order to achieve specific ends in connexion with economic growth and social wellbeing in a framework of fairer societies." \*\*/

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\*/ See: Declaration of Quito and Plan of Action, Latin American Economic Conference (Quito, 9-13 January 1984).

\*\*/ See paragraphs 25 and 26 of the Regional Programme of Action.

## B. THE CURRENT ECONOMIC SITUATION

20. The rise in nominal and real interest rates, the fall in commodity prices and the terms of trade and the high external indebtedness made it necessary to initiate renegotiations of the external debt. The postponment of some debt servicing and the new resources granted by international banking and by the International Monetary Fund (IMF) were the counterpart of adjustment policies which called for an enormous internal effort. The sacrifices imposed were interpreted in the agreements as a short-term effort, which would be reduced appreciably by the recovery of the developed countries and the reactivation of world trade with its resulting impact on the external demand and the interest rates.

21. In practice, world trade has not been reactivated, the appreciable export effort which made it possible to raise the volume of exports in 1983 was offset by a new drop in commodity prices, protectionism has grown worse and real interest rates have remained high. The trade surplus realized by the region was obtained not by the expected increase in the value of exports but by a sharp drop in the level of imports, with effects which have already been referred to on the product, employment, inflation and production capacity.

22. The severe international crisis has undermined the principles and standards of international co-operation and has revealed the unbalanced nature of this tool as well as its limitations as a means of finding effective and lasting solutions to the pressing problems of the developing countries in general and the countries of Latin America and the Caribbean in particular. It has also brought out the shortcomings in the structures, operations, resources and modes of action of the institutions which have been established as a framework for international economic relations in order to cope with the crisis and support the development efforts of the countries of the region.

23. Moreover, the various manifestations of the crisis have clearly demonstrated the asymmetrical interdependence which exists in the world economy, as well as the increasing linkages between the economies of the developing and developed countries. Furthermore, they have shown up the close interaction which exists between world economic problems in the fields of commodities, energy, trade, and development, on the one hand, and monetary and financial matters, on the other.

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In the same way, the reciprocal relationship between the current problems of the world economy and its long-term structural aspects has become more evident. Given these situations of interdependence, no isolated solution that is applied in specific sectors or in one group of countries could be adequate or sufficient in itself to pull the world economy out of the present crisis and turn it in the direction of recovery, growth and development. The worldwide nature of the crisis calls for global solutions.

24. The industrialized countries' increasing recourse to restrictive and discriminatory measures, together with the intensification of protectionist pressures, has caused a disproportionate amount of the worldwide cost of adjustment to be borne by the countries of the region, thus further heightening the instability and arbitrariness of international relations. In this context, the current trend towards bilateralism is prejudicial to all. The strategy for surmounting the crisis should fully acknowledge the new role of the developing countries as fully-entitled participants in world development. What is needed is a new type of multilateralism based on the systematic co-ordination of policies in which all the groups of countries participate on a worldwide basis. The situation demands a coherent set of international policies which address the short-term problems of the current situation as well as longer-term structural problems, and which are aimed at achieving sustained and balanced international development.

25. The countries of the region view with great concern the increasing obstacles facing them in international forums as regards ensuring the consideration, to say nothing of negotiation, of the programmes and proposals which they have presented concerning spheres of critical importance for them, as well as the growing tendency on the part of some developed countries to reject and disregard those agreements which had been adopted in the past in favour of the developing countries' interests. The scant results of the Ministerial Meeting of GATT, those of UNCTAD VI, and the impossibility of initiating the global negotiation process are telling demonstrations of this. The countries of the region are also concerned by the deterioration of multilateralism as an approach for resolving critical economic and financial problems and by the greater and greater tendency to deal with problems bilaterally. Finally, the decision of the majority of the industrialized countries to give strong preference to political and financial negotiations within the framework of GATT, the IMF and the World Bank to the

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detriment of a global and integrated approach within the framework of the United Nations Organization is seen with alarm. The latter approach would reflect the interdependence of the developed and developing countries and the interrelated nature of the problems affecting the international economic system.

26. With respect to commodities, the Latin American countries are deeply concerned by the drastic drop in international prices which has occurred since late 1980 and by the serious implications which this has for their economies' development prospects.

27. They are equally dissatisfied with the scant progress which has been made thus far in the preparatory meetings and the negotiations concerning most of the commodities included in the UNCTAD Integrated Programme for Commodities seven years after the approval of this programme. Neither has the common fund entered into operation, despite the fact that the text of the agreement was approved in 1980.

28. Although the developing countries have not created the crisis, the adjustment measures taken to overcome it seriously affected their development process. An aggravating factor has been the failure of the developed countries to comply with the principles and norms designed to regulate international trade relations and the recourse to actions and modalities which tend to unbalance the economies of the developing countries, such as the adoption of coercive and discriminatory economic measures for political reasons. Such measures accentuate the instability and arbitrary nature of international relations and make the developing countries' situation even more complex.

29. The countries of the region are deeply concerned by the consequences which the rise in the protectionism of the developed countries could have in the 1980s. There is particular concern about the appearance of new types of measures which are applied bilaterally to a large extent without respect for the rules and obligations of the system of international trade, based on the application of the GATT provisions. These protectionist measures are progressively leading to a situation in which the industrialized countries have acquired the ability to "manage" their trade with the developing nations, and particularly with the region. The use of measures such as quantitative restrictions, "voluntary" restrictions, minimum import-price policies, production and export subsidies, reciprocity in the strict sense of the word, preferential systems, countervailing duties and hedge clauses, together with tariffs and tariff progressivity, have had a negative

/impact on

impact on our trade flows and constitute a significant constraint on the Latin American industrialization process.

30. In particular, it must be stressed that the protectionism as regards the agricultural sector of most industrialized countries has been one of the major obstacles standing in the way of a dynamic expansion by Latin America of the production and trade of commodities, especially grains, meat, dairy products, oils and sugar. The policies followed by some industrialized countries, which are aimed at attaining self-sufficiency in this sector, have seriously limited the access of a large number of products to the market. Furthermore, the surpluses created by high support price policies compete on the international market with the efficient exports of the countries of the region, thus depressing price levels even further. Finally, the mechanism of export subsidies, which is frequently used by the industrialized countries to promote sales of their products, has been a factor in the marked deterioration of the position of the developing countries in traditional markets, and, in some cases, has even led to the loss of those markets. An example of this is the fact that the European Economic Community, which in the early 1970s was the main importer of beef and the second largest importer of sugar on the international market, has become since the early 1980s the main exporter of sugar on the open market and the second largest world exporter of beef. Additional restrictions have also recently been introduced in the United States on the importation of meat and sugar.

31. Manufactures, however, are the area in which protectionist trends and the imposition of all sorts of restrictions have become the most intense in recent years. In the textiles sector, the Multi-Fibre Agreement (MFA), which regulates the international trade of those products, was extended as of 1 January 1982 to 31 July 1986. The protocol extending the term of that agreement includes provisions which further restrict international trade. Additional limitations have also been introduced in the bilateral agreements between member countries of the Agreement.

32. Latin American trade in footwear and leather products has also suffered enormously from the protectionist policies of the industrialized countries, while the steel trade is gradually being converted by the numerous restrictions on it, into a symbol of "managed" trade. In particular, the growing number of antisubsidy

/and antidumping

and antidumping studies being carried out with a view to the possible application of countervailing duties to the region's exports continues to be a cause of concern. Apart from the obvious economic costs, these measures give rise to a great deal of uncertainty on the part of both exporters and importers, which greatly discourages trade flows.

33. There has been a significant decrease in the inflow of foreign exchange to the Latin American and Caribbean countries during the 1981-1983 period. This is due to a number of factors, some of the most outstanding being: the decrease in export earnings, which reflects the catastrophic drop in commodity prices; the striking increase in debt service payments, which had risen to over US\$ 300 billion for the Latin American countries as a group by late 1983; the drastic contraction of net capital inflows; and the stagnation of official assistance for development. All of these factors have contributed to the fact that the region, which up to 1981 had received a net transfer of resources from abroad, transferred a sum of nearly US\$ 25 billion in real terms to the rest of the world in 1983.

34. Latin America and the Caribbean have responded with an extraordinary sense of responsibility in fulfilling the obligations arising from their external debt, and have had to apply stringent adjustment mechanisms which have had a recessionary effect on their economies. However, the region's own efforts are not enough to overcome the crisis. It does not seem fair that virtually the entire burden and cost of the current serious situation should be transferred to the countries of the region. Latin America and the Caribbean cannot prolong the current adjustment process any longer without compromising the recovery of their countries' economies and without generating unbearable internal economic and social tensions arising from the marked deterioration in the standard of living of the great majority of their people.

35. In recent years serious challenges and tensions have arisen concerning regional integration and co-operation, the most obvious result of which has been the decrease in the share of intraregional exports in the total exports of Latin America.

36. This decrease in share has affected all regional integration schemes, i.e. ALADI, the Andean Group and the Central American Common Market, with the sole exception of CARICOM, whose share of subregional exports in total exports has risen. This situation indicates the extent to which efforts to strengthen the growing links among the member countries of the integration schemes have had to yield both to the international crisis and to national situations in which the element of co-operation with the other Latin American countries has been lacking or insufficient.



## II. GENERAL APPRAISAL OF THE IMPLEMENTATION OF THE REGIONAL PROGRAMME OF ACTION

### A. CONCEPTUAL FRAMEWORK OF THE APPRAISAL

37. The Regional Programme of Action discusses the region's central development problems with respect to three dimensions of the economic and social process;

- a) the insufficient dynamism of production and of the productive and technological transformation of the national economies;
- b) the extremely inequitable structure of the Latin American societies;
- c) the marked external dependence and vulnerability of the region's economies.

38. The Programme also points out that these problems should be tackled by putting an integral and organic strategy into operation, which would involve energetic action simultaneously on different fronts in order to give impetus to those economic and social changes of a structural nature needed to satisfy the human purposes of development.

39. As pointed out above, the Programme took account of the nature and evolution of the most important aspects of the economic and social problems which would become more serious unless changes were made or the internal and external policies and measures called for by the Programme itself were adopted. However, both the International Development Strategy and the Regional Programme of Action were unlikely to foresee the unleashing of a world and regional crisis of the extent, depth and duration of the current situation.

40. In these first three years of the 1980s, the crisis was precipitated with growing intensity and situations very far from the Programme's basic scenario were created, to the extent that the magnitude of the problems and the deterioration of economic and social conditions set up situations very different from those which prevailed at the end of the 1970s. Reality ran its own course, which was diametrically opposed to that expected from the application of the Strategy and the Programme.

41. The Programme begins with an analysis of the status of Latin American and Caribbean development, pointing out the main problems of the region and its prospects for the 1980s. With regard to the central problems, it points to the serious structural maladjustment of the world economy, the decline of the growth

rate and the extremely inequitable distribution of income. With regard to the prospects, it points to the unfavourable conditions in most of the countries and their extreme vulnerability to external variables. Both the diagnosis and the prognosis are still valid. Nevertheless, it should be borne in mind that the most important manifestations of the current crisis may be summarized as follows:

- a) a persistent external disequilibrium aggravated by the enormous burden of the external debt,
- b) the acceleration of inflation,
- c) the continued decrease in production and production capacity, and
- d) a serious increase in unemployment and the economic and social marginalization of new social groups.

42. It then discusses the implementation of the strategy for the Third United Nations Development Decade on the basis of the objectives and specific conditions of Latin America and the Caribbean. It sets forth broad objectives which are perfectly compatible with the aspirations for development of the Latin American and Caribbean countries. However, the goals established by the Programme appear to be increasingly difficult to attain. If the present circumstances continue to prevail, it will obviously be impossible to achieve goals such as that of doubling the per capita product in a period of not more than 15 years, with an annual growth rate of a little over 7% for the gross domestic product and 8% for exports and imports.

43. The action to be carried out under the Programme is outlined in the context of the implementation of the International Development Strategy for the Third United Nations Development Decade. The most important action is that referring to co-operation within Latin America, which covers various sectors, such as international trade, energy, industry, agriculture and food, science and technology, and monetary and financial matters. Also stressed is action in the area of international co-operation, which covers sectors such as the ones mentioned above and others such as the restructuring of world industry, transport and transnational corporations.

44. These proposals for action are presented in considerable detail and can be viable in times of economic reactivation. However, under the critical circumstances with which the region is faced today and in light of the goals set forth, a re-examination of additional policy measures is required.

B. ECONOMIC AND SOCIAL DEVELOPMENT

1. Economic development

45. The economic and financial crisis has extended to practically all the countries of the region. It has grown in intensity and the prevailing atmosphere is one of instability, confusion and uncertainty as regards the ultimate turn of events and the policies that should be adopted to check and overcome the harmful effects of this process. The negotiations that are being conducted and the arrangements that are being made in connection with the external debt and its service have not stabilized the situation, and in some cases the problems simply cannot be solved by following conventional approaches and methods.

46. The indicators for the region as a whole show that following a period of moderate recovery in the mid-1970s, economic activity stagnated in 1981, and significant contraction persisted. The gross domestic product was lower in 1983 than in 1980.

47. Latin America had not had such a long and deep recession as this one in the past 50 years, and the estimates as to its ultimate development are even more alarming because there are few prospects for a quick and "spontaneous" reactivation that might achieve a significant rate of economic growth on a relatively stable basis. Although during the second half of the 1980s some economic dynamism was recovered, the average economic growth for the entire decade was probably lower than any obtained in the previous three decades. In addition, the prospects for achieving the targets established in the International Development Strategy and the Regional Programme of Action are growing increasingly faint.

48. Nevertheless, the crisis which the region is experiencing should lead to the adoption of special measures to achieve the targets established, even if this has to be done over a longer period of time. The International Development Strategy for the Third United Nations Development Decade includes targets and policy measures which at the time of their adoption, were considered to be inadequate for Latin America and the Caribbean.

/49. In this

49. In this connection, the Quito Declaration points out that:

"This crisis originated in internal and external factors, and our success in surmounting it is largely dependent on the latter, which are beyond the control of our countries and place serious constraints upon the options open to us for overcoming it. The economic policies of some industrialized countries have severely affected the developing countries and, in particular, those of the region, owing to the vulnerability and dependence of our economies and their increasing participation in international economic relations. These policies have brought about the constant deterioration of the terms of trade, diminishing trade, an inordinate increase in interest rates and the sharp contraction of capital flows. The overwhelming burden of our external indebtedness forms part of this picture."

50. The crisis has severely affected the investment effort which was being made by many countries of the region, not only in absolute terms but also as a share of the gross domestic product.

51. In general, for the region as a whole, the volume of investment has experienced a steady deterioration similar to that suffered by the gross domestic product over the past three years; its fall has been severe, and the number of countries with very low investment coefficients has grown.

52. This will be harmful to the formation and re-installation of production capacity, especially in those countries or economic sectors where production enterprises have had to be dismantled owing to internal or external financial problems and to competition from imports, especially in cases where the mismanagement of exchange and trade policies has favoured their access to domestic markets. It will also prevent full use of the installed capacity of the region.

53. Two external variables have had a marked impact on the erosion of the real value of national resources and on the bottleneck in the external sector. These include the considerable rise in net outflows of foreign currency in payments for profits and interest on investment and for servicing the external debt, to which must be added, in many countries, a deterioration in the terms of trade.

54. In constant dollars at 1975 prices, profits and interest alone represented 5% of the gross domestic product of the region as a whole in 1982. In some countries this percentage is much higher, sometimes coming close to 10%. In addition, this transfer of national resources represents, still for the region as a whole, nearly one-fourth of the value of gross domestic investment, while in some cases profits and interest and the deterioration in the terms of trade represent nearly half the gross domestic investment.

55. In many countries both these factors are responsible for the differences recorded in the performance and level of domestic or geographical savings (equivalent to the difference between the gross domestic product and consumption), on the one hand, and national savings, on the other. For the region as a whole, the coefficient of domestic savings in 1981-1982 has tended to remain at levels close to those recorded in 1980 (22%), whereas the coefficient of national savings decreased considerably, from 21% in 1980 to 17% in 1982.

56. Owing to this decline in the coefficient of national savings and to the relatively high levels of net external financing, the share of national resources in investment financing has tended to decrease, while the share of external resources has tended to increase. This was true up to 1982, because in 1983 the share of external resources is estimated to have been very low thanks to the efforts made by many countries to decrease the current account deficit of their balances of payments and to limit the growth of their high external indebtedness.

57. In this process of obvious recession, inflation again began to accelerate in 1981. This occurred primarily in those countries where inflation is traditionally high. In those countries, the consumer price index increased by slightly more than 60% in 1980 and by somewhat more than 150% in 1983. In countries with traditionally moderate inflation, the growth rate of prices fell to some extent in 1982 but rose by 16% in 1983, a rate similar to that recorded in 1980.

58. A number of internal and external factors were responsible for unleashing the crisis which Latin America and the Caribbean are experiencing. The internal factors are related to conjunctural and structural features and to the type of strategies and policies which the governments have adopted; in other cases, political or social conflicts have had an effect.

59. It must be acknowledged that negative factors arising from the international economic situation have played a role in worsening the region's external payments

/situation. The

situation. The most influential of these have been the limitation of loans from international financial bodies, the relatively rigid conditions for their use, and the application of the external indebtedness policies followed by some countries of the region. That is the case in those situations where the ample flow of external resources made possible an investment or consumption expenditure that was excessive in relation to the national income. The current account deficits caused by these policies were financed by means of progressive external indebtedness. Subsequently, the negative international economic situation, shown by the deterioration in the terms of trade, the increase in protectionist practices in international trade, high interest rates and the retraction of private capital markets, caused the payment capacity of the countries of the region to be paralyzed and forced them to meet debt service payments by sharply reducing imports, which inevitably created recessive pressures that entailed high economic and social costs. To these internal structural and conjunctural factors were added far-reaching external factors related to the consequences of the world recession, a further deterioration in the terms of trade and the enormous burden of servicing the external debt, aggravated by the unwanted increase of interest rates in the international markets. In most countries of the region, these external factors clearly play a major role in determining the nature of the current crisis.

61. The most significant factors in the relationship between the evolution of the variables in the external sector and the growth process, which have particularly contributed to unleashing the crisis in the countries of the region, are related to the following aspects:

a) The economic policies of some industrialized countries have severely affected the developing countries, particularly those of the region, because of the vulnerability and dependency of their economies and their growing participation in international economic relations. These policies have caused the constant deterioration of their terms of trade, the decline of trade, the excessive increase of interest rates and the sharp reversion of capital flows.

b) The asymmetry still shown in the economic and technological composition of exports and imports in spite of the substantial progress made in industrialization and in the expansion and diversification of exports is a basic element in the relationship between the performance of the external variables and the economic growth process.

/c) The

c) The world economic depression and in particular, the stagnation and recession in the industrial countries and the recrudescence of protectionist measures have a direct influence on the weakness of the demand for Latin American exports and on the deterioration in the terms of trade. Some countries have been successful in promoting their exports and have increased their volume in spite of the crisis; but at the same time they have been harmed by the deterioration in the terms of trade.

d) Since 1981 the terms of trade for the region as a whole have evolved unfavourably. The corresponding index decreased by something more than 7% a year in the three-year period 1981-1983. The deterioration was particularly marked in the oil-importing countries, but the exporting countries also tended towards decline. The frequent devaluations and other measures adopted to promote the expansion and diversification of exports has undoubtedly facilitated the decline or stagnation of their prices in foreign currency, at least in some branches of the export trade. In this way, measures which could have helped to increase exports have been partially responsible for the deterioration of the terms of trade.

e) The fact that a substantial share of imports of goods is made up of imports which are essential for maintaining or expanding economic activity and of capital goods required to create production capacity means that, in theory, and within certain limits, the level or rate of national economic activity depends on external supplies. This seems clearly illustrated by the experience of the past few years, in which the balance of payments was readjusted in accordance with the new conditions basically by effecting a considerable reduction in imports, i.e., in the supply of production resources; thus, the substantial reduction recorded in the deficit in the balance on current account of the balance of payments in 1981 and 1983 is related to the contraction in national production and the increase in unemployment.

f) The outflows of foreign currency for paying profits on investments and interest on external loans are disproportionately high because of the magnitude of the external debt and of interest rates. In 1983, interest payments alone accounted for 35% of the region's current income from exports of goods and services as opposed to a figure of 20% in 1980. There are countries in which these external commitments now represent 40% and even 50% of their current income in foreign currency.

/g) Amortization

g) Amortization payments on the external debt represent considerable shares of the current income received from exports of goods and services. The impossibility of meeting the payments due immediately has caused a large number of countries in the region to embark on negotiations with their creditors to formulate new payment schedules. This coincides and to some extent is associated with drastic decreases in net inflow of capital, which have been lower than current commitments in respect of the external profit and interest payments. The difference in this regard was appreciable for the region as a whole during the 1982-1983 biennium. The counterpart of this new situation may be expressed in the following terms: i) most of the countries have been obliged to reduce their imports; this has considerably reduced the availability of fundamental consumer goods, intermediate goods and capital goods, thus further limiting the potential for future growth. This has enabled some countries to achieve a trade surplus despite the difficulty they have in selling their exports, mainly in the developed countries; ii) the effect of the deterioration in the terms of trade has in fact brought about another reverse transfer of resources to the exterior; iii) it has been necessary to resort to national monetary reserves to finance the global deficit in the balance of payments during the past three years, and iv) the countries that have renegotiated their external debt have managed to do so by further increasing the balance outstanding on their debt, as well as the cost of its service (fees and interest). This represents an immediate drain on their resources.

## 2. Social development

62. The crisis has accentuated the deterioration of social conditions in the Latin American countries, where they are already extremely inequitable. It is true that economic growth must be accompanied by a deliberate effort on the part of the State to promote the process of structural and institutional change with a view to achieving more equitable distribution of the fruits of economic development and meeting appropriate standards of improved social well-being for the population as a whole. However, it is no less true that without economic growth, in the climate of stagnation and recession, confusion and uncertainty which reigns in the Latin American scenario, social tensions become more severe, there is more resistance to change on the part of those sectors which would necessarily have to make the adjustment and, in the last analysis, the great mass of the population on the

/lower echelons



lower echelons of the distribution of wealth and income are harmed even more while powerful forces of social instability are encouraged.

63. Four interrelated aspects are of special significance in the social dimensions of development average per capita income and personal distribution; the magnitude of extreme poverty; unemployment, and the limitations and differences in social participation.

a) In constant dollars at 1975 prices, the average per capita product of the region as a whole fell to US\$ 1 164; i.e., it was 10% lower than that recorded in 1980. Although it would be necessary to go back six years to find a similar figure, in many countries the drop in the per capita product was much greater.

b) Nevertheless, because of the phenomenon of income concentration whereby 10% of the population receive 44% of the income and 40% of the families in the lower echelons receive only 8%, the fact is that at least two-thirds of the population of Latin America and the Caribbean have a per capita income of less than US\$ 500. This means that the less privileged sectors have borne the brunt of the crisis; there can be no question that their share in the sacrifice, in terms of decline, has been much greater than 10%.

c) The proportion of the population which receives an income lower than that required to meet a minimum living standard, which was estimated to be close to 40% of the families in the region as a whole, may have tended to decline during the early years of the 1970s, but the increase in unemployment and the fall in real wages and other remunerations has, in the past few years, undoubtedly contributed towards increasing the population living in conditions of extreme poverty and in a state of indigence.

d) The structural and chronic problem of unemployment and underemployment which prevails in Latin America and the Caribbean is assuming alarming proportions with this crisis. In some cases, one-fifth and even one-fourth or more of the labour force is considered to be unemployed. The meagre economic growth in 1981 and the depression in the 1982-1983 biennium have brought with them as their logical consequence, a sharp increase in open unemployment and underemployment.

64. The increase in the economically active population of the region as a whole during the three-year period 1981-1983 amounted to something more than 9 million people. Unless new sources of work are created, the large majority of these people, most of whom are young people, will not find employment. To allow for a better appreciation of the seriousness of the situation, it should be pointed out that many other people are losing their jobs as an immediate consequence of the crisis.

65. As a result of the situation mentioned above, there is good reason to say that the quality of life in general has gone down substantially because of the many effects of the crisis and, in most of the countries, the reduction in real terms of public expenditures for education, health and housing under the various stabilization programmes and the weakening of the social security and welfare systems. This means that most of the population has less access to basic goods and services such as food, housing, health and education.

C. CO-OPERATION WITHIN LATIN AMERICA, INTERREGIONAL  
CO-OPERATION AND INTERNATIONAL CO-OPERATION

1. General considerations

66. The eighth session of CEGAN took place at a time when conditions in Latin America and the Caribbean had changed considerably from those which existed when the ECLA Programme of Action was prepared. The deep crisis which the region is experiencing should lead to the adoption of special measures for reaching the objectives established.

67. As has been noted during the course of the session, the current economic crisis has had numerous manifestations, and these have greatly helped explain why the goals of the Programme have not been achieved.

68. In the following paragraphs, an appraisal will be made of the most outstanding aspects of the persistent external imbalance, aggravated by the enormous burden of external debt.

69. The economic situation experienced by the region over the last three years has clearly shown the great vulnerability of the international trade of Latin America and the Caribbean. The current negative trends in the world economy, the asymmetry of trade relations between the Latin American countries and the developed countries with whom their trade is concentrated, as well as the high real interest rates have led to a substantial transfer of real resources from the region to the developed countries. The limitations which Latin American exports are encountering are a result not only of the world economic situation, but also of the restrictions which arise from an outdated system of trade which does not take into account the structural problems of the region, promotes protectionist measures and discriminatory policies, and does not offer incentives to exports of the region's manufactures. In short, it is the international system of trade as a whole which is in crisis; partial solutions can mitigate the situation, but will not provide permanent solutions to the problems.

70. The external debt is one of the most dramatic manifestations of the crisis currently being experienced by the countries of Latin America and the Caribbean and one of the problems which must be solved before these countries can get out of the economic predicament they are in. In this context, the policies of some developed countries which lead to higher interest rates, are one of the main obstacles to enabling the countries of the region to overcome the serious economic situation facing them, and the Latin American and Caribbean countries should demand that the developed countries establish measures, policies and controls that keep interest rates stable and low. This is absolutely necessary in order to eliminate the harmful effect of the developed countries' current financial and monetary policies on the region.

71. Not only has international co-operation not advanced, but it seems to have regressed, through the failure to comply with provisions adopted previously in international forums by the developed countries, and through the latter's lack of political will to progress towards the establishment of a New International Economic Order and to enter into global negotiations. The power exercised by the industrialized countries over the United Nations specialized agencies has seriously thwarted the advancement of co-operation in vital fields such as trade and finance.

## 2. Co-operation within Latin America

72. Despite the critical economic situation which prevails in respect of international economic co-operation, which has worsened during this decade, Latin America has made many efforts to overcome that crisis and has resorted to dynamic mechanisms and new formulas which have once again demonstrated its firm political will to attain the objectives laid down in the International Development Strategy and the Regional Programme of Action.

73. In the area of regional co-operation, several actions were undertaken in order to strengthen the links between Latin American nations, consolidate their unity and contribute to the prosperity of a regional economy that has been badly shaken by the international economic recession. To this end, intergovernmental groups have been set up to carry out specific activities in fields considered to have priority or to be highly sensitive. The appropriate framework was provided by the action committees instituted under the Panama Agreement which created SELA. The most important initiatives were the Committee for Action on Regional Food Security, which put into operation a broad project designed to achieve food

/security in

security in the region and increase the levels of productivity and food production; the Latin American technological information network, whose purpose is to spread technological resources in the area among the member countries, to make possible more suitable use of those resources and the Latin American Organization for Fishery Development,

74. Committees have also been created to support and alleviate difficult situations which have been or are still being faced by countries in the region. Mention should be made of the Committee for Action to Support the Argentine Republic, the Committee for Action to Support the Reconstruction of Nicaragua, and the Committee for Action to Support the Economic and Social Development of Central America.

75. Owing to the economic measures adopted for political reasons by a group of industrialized countries to the detriment of the developing countries of the region, which considerably affected their economies, were highly arbitrary and created pressures in international economic relations, a regional economic security mechanism was created within SELA to prevent and compensate for damages suffered because of discriminatory and coercive economic policies applied by the developed countries.

76. With regard to integration, a series of activities were undertaken in order to achieve full participation by the countries of the region in the new scheme established by the 1980 Montevideo Treaty, which created the Latin American Integration Association. These activities were achieved through initiatives and decisions by the member countries of ALADI in signing partial-scope agreements with non-member countries belonging to the region. It was agreed to grant tariff and non-tariff preferences, which were laid down in partial-scope agreements which could be extended to one or several countries provided they complied with the stipulations thereof.

77. Governmental meetings were held for the purpose of defining the scope and modalities of a regional tariff preference which would cover the entire tariff system and contain the appropriate elements for extending it to all the countries of the region. These events culminated in the Latin American Economic Conference, which agreed by consensus to pursue the matter with a view to ensuring its immediate implementation.

78. The Agreement on Payment Compensation and Reciprocal Credit, in force in LAFTA since 1965, and incorporated into ALADI, has functioned very effectively since

/its inception

its inception. Its operational methods have been perfected over time and the mechanism has proved adequate for avoiding the various difficulties which have arisen. Since its inception and through 1982, it has channelled operations in excess of US\$ 50 billion, leaving only an average of around 25% for the payment of net debit balances. In the current situation of scarcity of foreign exchange, a system having these features takes on special importance and at its best level of operation may be a decisive factor in the recovery of intra-zonal trade. A set of measures designed to improve the mechanism is being analyzed; among these are the extending of collection periods and the creation of an instrument for special payments and another temporary one for the financing of bilateral imbalances. The incorporation of several Central American countries into the system and the creation of a Latin American account unit are also being considered.

79. Other co-operation efforts which deserve mention are the new dynamism achieved in the energy area through the ratification, in November 1981 in Santo Domingo, of the Latin American Energy Co-operation Programme (PLACE), which defines the long-term objectives of that co-operation and determines the activities and projects to be implemented immediately. The Programme also has a modest financial fund to carry its activities forward.

80. Another concrete initiative in this field is the Mexican-Venezuelan Energy Co-operation Agreement with Central America and the Caribbean, which has been functioning effectively since August 1982 and which has just been extended, with amendments.

81. Furthermore, there is no doubt that the growing contact between integration and regional co-operation bodies is facilitating an exchange of information and experience, the co-ordination of policies and positions, and therefore, the coming together of existing systems, as was shown by the holding of the Fourth Meeting of Integration and Economic Co-operation Bodies of Latin America (Antigua, Guatemala, August 1983).

82. In the same way, Latin American co-operation has continued to become broader and deeper in an endless number of other areas and fields of action, impossible to summarize in this report. Besides the activities mentioned above, those of bodies such as GEPLACEA, the Union of Banana-Exporting Countries and the many business-oriented organizations comprise a vast and complex network of growing interconnection among the countries of the region.

83. Another example of the integration effort was the search for a better distribution of the benefits deriving from any integrationist system. This was done through the signing, in the framework of ALADI, of the regional agreements for the opening of markets to benefit three relatively less economically-developed countries -Bolivia, Ecuador and Paraguay-the provisions of which are gradually to be expanded.

84. The co-ordination of policies at the regional level and their projection into international forums is a noteworthy aspect of regional co-operation. The Cartagena Meeting, held prior to the Fifth Ministerial Meeting of the Group of 77, enabled Latin America to adopt a common strategy for the defense of issues essential to its development and for the elaboration of a plan of action containing immediate measures designed to overcome the crisis. The fact that the region's proposals were included in their entirety in the Buenos Aires Platform shows how appropriate they were.

85. With regard to regional co-operation in the fields of production and infrastructure as envisaged in the Regional Programme of Action, there has not been progress to the extent anticipated because of the difficulty of procuring the high amount of resources required by this type of initiative.

86. Regional co-operation bodies have carried out several efforts in the area of technical co-operation with a view to complying with the agreements concluded in the Buenos Aires Plan of Action, adopted at the United Nations Conference on Technical Co-operation among Developing Countries, held at Buenos Aires in September 1978.

87. The Latin American Economic Conference, held in Quito in January 1984, which defined the response of Latin America and the Caribbean to the crisis, was based on the need to complement each country's efforts and those carried out at the subregional level by strengthening regional co-operation and integration, and was the ultimate expression of the will to co-operate currently prevailing in the region.

### 3. Co-operation with other developing areas

88. The countries of Latin America reiterate the principle that economic co-operation among developing countries (ECDC) is exclusively the concern of the developing countries. In appraising the implementation of the RPA in this area of action, the Latin American and Caribbean countries express their satisfaction at

/the fact

the fact that considerable progress has been made in promoting co-operation with other developing areas and that all available means have been used to raise the level of interest and awareness of the countries in favour of ECDC.

89. The progress achieved includes, in particular, the expansion and intensification of ECDC in the sectors mentioned in the RPA. This has been done by systematizing the fundamental framework of ECDC through: i) the adoption by the High-Level Conference on Economic Co-operation among Developing Countries (Caracas, May 1981) of the Caracas Programme of Action; ii) the Buenos Aires Platform, adopted at the Fifth Ministerial Meeting of the Group of 77 (Buenos Aires, March-April 1983); iii) the Declaration on Collective Self-Reliance among Non-Aligned and Other Developing Countries, adopted at the Seventh Conference of Heads of State or Government of Non-Aligned Countries (New Delhi, March 1983); iv) the Tunis programme of action for ECDC (Tunis, September 1983) and v) the Declaration of the Ministers for Foreign Affairs of the Group of 77, adopted at their seventh annual meeting (New York, October 1983).

90. In this regard, the progress achieved includes the systematic implementation of the Caracas Programme of Action through 18 technical meetings and two overall appraisals carried out in the context of the Intergovernmental Follow-up and Co-ordination Committee.

91. In the context of the international economic crisis, its repercussions in the regional sphere and the lack of progress towards the establishment of the New International Economic Order, the Latin American and Caribbean countries reaffirm their support for the strategy of collective self-reliance and reiterate their conviction that development based on their own means continues to be essential to guarantee the authentic independence of the developing countries and reduce their vulnerability to the consequences of the crisis and external pressures.

92. In this respect, it should be noted that an appraisal of the degree to which the measures envisaged in the RPA have been applied shows that the failure of the developed countries to meet some of their commitments has in some cases been decisive in making it impossible to achieve the targets set. In particular, obstacles are still being placed on the establishment of a Global System of Trade Preferences (GSTP) among Developing Countries in the framework of UNCTAD; this works to the detriment of the commitments assumed in UNCTAD resolutions 127 (V) and 139 (VI).

#### 4. International co-operation

93. In accordance with the provisions of the RPA, Latin America and the Caribbean, together with the other developing countries, continued their efforts to promote the reactivation of international economic co-operation.

94. Nevertheless, the lack of progress in launching the Series of Global Negotiations and the other negotiations aimed at improving the critical economic situation of the developing countries and at restructuring international economic relations shows that international economic co-operation is at the lowest point it has reached over the last few years. This negative situation is due to the lack of will evidenced by some developed countries. In this regard, the Ministers for Foreign Affairs, in their declaration set forth in document A/38/494, deplored the fact that, after more than four years of intensive negotiations, in which the Group of 77 had showed a constant spirit of compromise and flexibility, it had not been possible to launch the Series of Global Negotiations due to the constant lack of political will of some developed countries. The limited results of UNCTAD VI, of the preliminary consultations on the launching of the Global Negotiations, and of all the other important negotiations that have been conducted in the sphere of international economic relations since the adoption of the RPA, are telling demonstrations of this.

95. In keeping with the RPA, the Latin American and Caribbean countries have carried out persistent and co-ordinated action which has enabled them to participate more fully and meaningfully in negotiations on and mechanisms for international co-operation through systematic consultations and co-ordination prior to the major international negotiations in which regional interests have been at stake. In view of the positive results of this effort it should be systematized and reinforced, as is being done within the framework of SELA.

96. Nevertheless, the Latin American countries express their serious concern over the scant results of UNCTAD VI and the Ministerial Meeting on GATT, at which it was evident that the developed countries lacked the political will that is necessary to meet the most pressing needs and find a solution to the development problems of the developing countries.

97. A characteristic trait of commercial relations between Latin America and the EEC has been the scant dynamism of the Community market with respect to Latin

/American exports.



American exports. This phenomenon is aggravated by the peculiar structure of Latin American exports to the EEC. In recent years, only one eighth of such exports consisted of manufactured products, while the share of manufactures in total Latin American exports was approximately 25%. At the same time, the share of the EEC in total Latin American imports has gone down.

98. Latin America is in a particularly unfavourable position with respect to the EEC's trade policy. This is the case because the set of measures comprised in the overall protectionism of the EEC affects the region more than the developed countries or other developing regions. This protectionism is mainly the result of the fact that the Community gives priority to the growth -and even the inclusion of new members- and strengthening of its common market. In this regard, it should be noted that half the foreign trade of the EEC countries is intraregional in nature.

99. As a result of the conflict in the South Atlantic which took place in 1982, the EEC adopted unilateral coercive economic measures against the Argentine Republic which violated international legal rules. This unilateral act caused the suspension of the dialogue that had been taking place between Latin America and the EEC pursuant to an initiative agreed upon within the framework of SELA.

100. The frequent application by EEC members of policies providing for subsidies to the production and export of agricultural products has caused a setback in the position of the developing countries in their traditional markets and, in some cases, has caused them to lose these markets.

101. The EEC maintains some preferential trade systems. These include the preferences adopted by the Lomé Convention for the African, Caribbean and Pacific countries (ACP countries) and the agreements with the nations of the European Free Trade Association (EFTA) and the countries of the Mediterranean Basin.

102. The operation of the Community's generalized system of preferences (GSP) has not solved the difficulties encountered by the Latin American countries in trying to obtain greater access for their exports to the EEC market.

103. The United States is clearly the major trading partner of Latin America: approximately one third of the region's exports are sent to that market and around one third of Latin American imports come from that country.

104. The traditional asymmetry in the structure of trade between Latin America and the United States has been increasing in recent years; moreover, the

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participation of the United States market in the region's exports has been maintained almost exclusively because of the increase in sales of fuels from some of the Latin American countries. Unless this asymmetry in the structure of trade between Latin America and the United States is corrected, it will be very difficult for the region to meet its financial commitments.

105. Among the instruments that make it difficult for some imported products, especially manufactures, to enter the United States market is the Trade Agreements Act of 1979, which granted the United States President discretionary powers either to use the so-called safeguard clause or to impose countervailing duties should exports be subsidized, depending on whether or not the exporting countries in question had signed the agreement on subsidies adopted at the Tokyo Round of the Multilateral Trade Negotiations held within the framework of GATT. The enactment of the aforementioned law strengthened a procedure which has had negative implications for the Latin American countries.

106. The Latin American countries have pointed out several limitations in the operation of the United States Generalized System of Preferences. These include the principle of graduation, the restriction on products included, the inflexibility of the procedures required to include products considered to be of interest to the region, the non-extension of the application of the concept of "cumulative origin" to all the economic integration systems of developing countries, and the enforcement of the clause relating to competitive necessity.

107. A recent development in United States economic and commercial policy regarding Latin America and the Caribbean was the approval by the Congress of a programme called the Caribbean Basin Initiative. It should be noted that the discretionary power exercised by the granting country in deciding whether a country may benefit from the programme according to the orientation of its policies introduces discrimination towards countries for non-commercial reasons and brings in elements of conditionality which may be detrimental to the countries concerned. As regards allocations for emergency economic assistance, the amount of US\$ 350 million was approved for the first year, an amount that is clearly inadequate. Moreover, discriminatory criteria prevailed in the allocation of this financing.

108. In recent years, trade between the Eastern European countries members of CMEA and some Latin American countries has had some positive features. From a broader perspective, it should be noted that the growth of trade between the European

/countries members

countries members of CMEA and Latin America and the Caribbean has gone hand in hand with the development of the institutional instruments and mechanisms that have been set up between countries of the two areas as a means of supporting the development process in the participating countries. Nevertheless, the following should be noted:

a) There has been a very high concentration of trade with some Latin American countries, while trade with the others is very limited and highly unstable.

b) Although progress has been made in exporting Latin American manufactures to the Eastern European countries members of CMEA, the relative importance of this trade is still very small and is limited almost entirely to two countries (Argentina and Brazil). Moreover, the composition of this trade is not very diversified, as it consists mainly of products of traditional industries.

### III. POLICIES AND MEASURES FOR ACTION

109. The Regional Programme of Action describes a wide range of measures for action aimed at achieving the objectives established therein; in most cases, they are still fully valid and timely. Nevertheless, in light of the deterioration in recent years of the world economy and of international economic relations, it is advisable, in addition to reiterating the policy measures set forth in the RPA, to propose at this juncture a series of especially pertinent measures for dealing with the current crisis that complement the considerations on the orientation of the economic and social policies described in the following section. In the preparation of this chapter, account has been taken, in particular, of the agreements reached at the presidential level at the recent Latin American Economic Conference in Quito.

#### A. PROSPECTS AND CHANGES IN POLICY ORIENTATION

110. The recovery of economic growth that has been evident in the United States economy is not based on a self-sustained increase in investment, employment and industrial productivity and competitiveness; this means that there can be no real certainty that the recovery will continue. Because real interest rates remain high and there is still no sign of any positive recovery in the international trade of Latin America and the Caribbean, the prospects for the region are not encouraging. Furthermore, there are several reasons for fearing that a more lasting recovery of the centres may not entail a reactivation in the Latin American countries to the extent and with the conditions that prevailed in the past. This is due, among other things, to the following:

a) The surpluses now available to the international financial market are not those of the OPEC (Organization of Petroleum-Exporting Countries) countries but are rather produced by the developed countries themselves. In view of the present indebtedness of Latin America and the Caribbean, these surpluses will not be directed towards the region spontaneously. There is therefore reason to expect a reduction of the funds available with respect to the 1970s.

b) The sizeable amounts needed to service the region's present indebtedness to a large extent tie up the new external resources which might be derived from the recovery of the centres, which will limit the growth of imports.

/c) The

c) The economic policy of the United States reduced the rate of inflation and accelerated the recovery. One of the policy instruments used was to allow an extremely high nominal and real interest rate. In the context of this policy, the fiscal deficits of the federal government constitute a permanent incentive for the maintenance of high interest rates. If the present economic policy and fiscal situation of the United States remain the same as is frequently predicted there is reason to believe that in the short term there will be no significant drop in the real interest rate. This would make it difficult for the rest of the market-economy developed countries to recover and will keep Latin American debt servicing high. In addition, in the case of the Latin American and Caribbean countries, the surtaxes of various kinds which have been included in the renegotiations will tend to aggravate this situation.

d) The commercial and financial imbalances among the developed countries, which are caused by differences in productivity, the relatively high value of the dollar vis-à-vis the other currencies and the high interest rates will not have a favourable effect on the flow of trade, especially in view of a high rate of unemployment in the developed countries. Hence, there is every reason to believe that protectionism will be hard to eradicate, and it is to be feared that it will continue to grow.

e) The technological changes which are being incorporated in the production process threaten to expand the comparative advantages of the more dynamic production and consumer areas in the world and, more seriously, may reduce the advantages which now obtain in some branches of manufacturing in the developing countries.

111. Unless the international scenario described above changes, the prospects will not be promising. The tremendous effort made will not be adequately repaid, and the export effort will be largely lost because of prices and protectionism. The payment of some of the interest on the debt will be made at the cost of a real transfer of resources, a low level of imports, low or zero growth in the per capita product, a high rate of unemployment, deterioration of the production capacity and reduction of the capacity to generate resources with which to repay the debt itself; all this will entail severe economic and social cost.

112. It is therefore essential to change the framework in which the external negotiations of the region are being held and to alter the present policies. The region should mobilize its bargaining power in order to guarantee import levels compatible with its socioeconomic objective and it should explore several complementary ways of accomplishing this.

113. To the extent that the export markets recover, the protectionism practiced by the centres is reduced, real interest rates drop appreciably and the terms of trade improve, the solution will be more rapid and will give rise to less conflict. It is up to the developed countries to recognize their responsibility in the present situation and share the cost of the crisis. Otherwise, if the centres do not take the measures for which the situation calls, the countries on the periphery will be driven by the force of events to change their present policies and reduce their real transfers to the exterior.

114. As long as the centres continue to isolate the external debt problem from the context of the external trade of Latin America and the Caribbean and conditions are such that they nullify much of the effort which is being made in the field of exports, the inability to pay will have an impact on the financial area. In that case, the region will maintain a responsible attitude in which it will be committed to comply with reasonable terms and interest rates, by means of which the sacrifice involved will be effectively shared out among the parties involved.

115. In view of the present situation, the region should adapt its policies in such a way as to ensure that the economies are able to operate with a greater relative scarcity of imported products than that envisaged in the Regional Programme of Action at the beginning of the 1980s. Nevertheless, this relative level should necessarily be higher than the level in 1983. This fact will have special implications for the appraisal of the economic policies which prevailed in the 1970s since import substitution must be reconsidered at both the national and the regional levels.

116. The international commercial and financial environment in which the region will operate in the next few years will be more difficult than that envisaged in the International Development Strategy and the Regional Programme of Action. Thus, it will be essential to attach greater importance to the roles to be played by national efforts and regional co-operation.

117. It is essential to reactivate and restructure the domestic market for economic reasons and above all for ethical reasons. The lowest income groups must be enabled quickly to overcome the deterioration of their living standards that they have suffered so far in the 1980s. The objective of equity which is mentioned in the Regional Programme of Action in balance with other objectives, should in the present circumstances be given priority. Thus, in reactivating domestic demand,

/consideration should

consideration should be given first and foremost to those groups which were in a situation of extreme poverty prior to the crisis and whose situation has become worse. It will be necessary to give impetus to the branches of production which constitute the nucleus of employment and mass consumption; many branches of the agricultural sector are concrete examples of what this means, since through them it will be possible to ensure the short-term supply of products of agricultural origin and the productive absorption of a high percentage of the rural labour force. National industrialization plans should, insofar as possible, be based on the availability of raw materials and inputs originating in the region and should be geared towards developing labour-intensive industrial units that will help create jobs.

118. It is also essential to preserve the physical and industrial infrastructure, which should not be sacrificed in the name of short-term macroeconomic targets. The measures for recovering investment levels should bear this need in mind and should also take into account the possible effects of import containment. The creation of a new economic space will allow sectors such as manufacturing to acquire new dynamism; to this end, the State must create a physical, institutional and financial infrastructure that will give public and private entrepreneurs the requisite time horizon for their activities.

119. The transformation of production to be initiated in the context of the recession should give particular attention to the problems of technology, scale, efficiency and articulation which, along with clear successes, were observed in the past. Income distribution and consumption policies, economic and social planning and regional co-operation and integration will play leading roles.

120. Income distribution and consumption policies should be consistent with the transformation of production that is sought and should sustain industry on the basis of more homogeneous demand.

121. Planning, especially medium and long-term planning, will make it possible to take advantage of the valuable experience which has been gained in the region in connection with social change and the transformation of production. The fact that in some instances lack of foresight and the adoption of inadequate measures had serious consequences should be useful in strengthening the planning processes. The experience of the majority of the developed countries confirms the need for the State to be guided in the present circumstances by a far-reaching social and economic project which gives continuity and direction to the cumulative efforts required by any development process.

122. Regional co-operation and economic integration will play a very important role in imparting space and efficiency to the transformation of production. The restriction of imports and the need to generate trade surpluses, referred to above, are related to extraregional trade. The expansion of regional trade would make it possible to maintain an appropriate relationship between participation in trade and in the product. This process would be based on a full system of measures for distributing equitably the benefits of integration and, in particular, on the establishment of basic conditions to preserve and uphold the interests of the relatively less developed countries. In addition, in taking advantage of the new regional space, special attention should be paid to the role to be played by the transnational corporations with a view to providing an adequate counterweight in the market which will be created.

## B. MEASURES IN THE FIELD OF CO-OPERATION

### 1. Co-operation within Latin America

#### a) General considerations

123. In view of the problems that have been caused by the breakdown of a financial order that seemed to offer a solution to the structural disequilibria in trade brought about by the asymmetrical insertion of the countries of the region in international trade, it has now become necessary to re-evaluate the role of regional integration and co-operation as suitable instruments for overcoming the development crisis of Latin America and the Caribbean. It is also important to reiterate the constant desire of the Latin American and Caribbean countries to preserve, against all obstacles, the regional unity that is a prerequisite for their development. Moreover, as is stated in the Quito Declaration, "the crisis demands urgent solutions by means of joint actions founded on regional co-operation and on the forging of a common position aimed at strengthening the region's capacity for response. This response should be directed most immediately towards the most critical situations and at the same time form part of a medium- and long-term perspective in order also to deal with the structural causes of the crisis, thereby increasing international co-operation and making it more effective for development under conditions in keeping with the scope and seriousness of the present-day economic crisis".



124. The solution to problems facing the region today, however, is more complex than in the past. Because the situation is so serious, strategies must be adopted which meet the new needs of countries and societies that are very different from those of the past, both as regards their level of development and as regards their economic and social aspirations. It is therefore essential to strengthen the institutional base which currently supports integration and co-operation, give it strong political support, provide it with the best possible instruments for meeting the challenges now facing the region and, finally, relate these processes more closely to the urgently needed resumption of a vigorous rate of economic and social development.

125. Latin America and the Caribbean should not expect the solution to their problems to come solely from outside. To do so would be to increase the region's vulnerability to an international economy that has become heavily transnationalized and is in a state of crisis. It is therefore necessary to re-evaluate both the regional effort and the regional market represented by Latin America and the Caribbean. The latter is already large enough to play an important supporting role and to be a dynamic element in the growth of trade and industrial development; moreover, the institutional base exists which, if duly reinforced, can help achieve the objectives envisaged.

126. If decisive action is taken to this end, it will be possible to achieve fundamental goals with regard to the utilization of idle installed capacity, achieve greater regional economic security, promote development with greater support from regional demand and obtain a beneficial and timely reduction in the use of convertible foreign currencies. The production of Latin America and the Caribbean must be complemented at the regional level with instruments of promotion and protection that simultaneously facilitate an efficient integration process and provide for the sharing of benefits among the countries of the region.

127. The recommendations regarding co-operation within Latin America that are set forth in the Regional Programme of Action for Latin America in the 1980s are still fully valid. Because the economies of the Latin American countries have undergone a sharp contraction since 1981, co-operation activities must be concentrated on priority areas in which they can contribute towards overcoming the crisis and lay foundations for greater security and regional autonomy in the future.

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128. Although the problems facing the Latin American and Caribbean countries are innumerable, attention must be concentrated on those which are more serious under the present circumstances, such as those relating to trade, finance, services and the supply of energy and food. These are the problems that weigh most heavily in the balance-of-payments crisis and, moreover, are the pillars on which the economic security of the region rests.

129. In addition, it must be recognized that, as the Quito Declaration states, "the Central American countries are suffering more acutely the economic problems which are affecting Latin America and the Caribbean". Consequently, we offer our support to the Action Committee for the Support of Economic and Social Development in Central America (CADESCA), "a Latin American regional mechanism recently established in SELA to assist, inter alia, in mobilizing resources for economic and social development aimed at solving the major problems of the Central American people."

b) Intraregional trade

130. The necessary action should be taken to prevent new non-tariff restrictions from being placed on imports originating in Latin America and the Caribbean and gradually to eliminate or attenuate those existing at present. This does not mean that amendments would be made in respect of obligations contracted under multilateral or bilateral trade agreements. Consultations should be held when emergency situations arise that might make it difficult to fulfill this commitment. For the purposes of this agreement, temporary modifications to the structure of non-tariff protection that a Latin American country might have to make in an emergency situation will not be regarded as additional restrictions.

131. In order to increase trade in goods and services among the Latin American countries, the following instruments should be put into operation:

i) Latin American regional tariff preference. The Quito Plan of Action states that: "We agree on the need for countries of the region to benefit their reciprocal trade by establishing a tariff preference of such a magnitude that it will divert and create currents towards Latin America and the Caribbean, taking into account the diversity of development levels of the countries of the region". It also urges "the member countries of ALADI to bring to fruition negotiations for establishing regional tariff preferences during 1984, as stipulated in Article 5 of the

Montevideo Treaty of 1980, in accordance with Resolution 5 of the Council of Ministers, through an Agreement of Regional Scope, open for membership to those Latin American and Caribbean countries which are not members of ALADI".

ii) Trade negotiations. In trade negotiations aimed at the signing of agreements between pairs or groups of countries, an effort will be made to make use of the agreements of partial or regional scope that are provided for in the Montevideo Treaty of 1980, with the participation of all the countries of the region. These agreements of partial scope are a flexible instrument which can help divert trade towards the region and solve the problems arising from the shortage of foreign exchange, as they operate within the framework of payment compensation agreements.

iii) Government procurement. The Latin American Economic Conference agreed to promote, "through bilateral or multilateral agreements and within the framework of the integration systems, operational mechanisms that will make it possible to take advantage of government procurement capacity by seeking to import from regional suppliers of our imports". It stated that "to that end, and as soon as possible, the integration systems should carry out the consultations necessary to implement the operational mechanisms with the participation of those countries not included in any integration process". It also agreed "on the need to apply, when the purchase of goods and services is done through public tender, a regional preference in favour of Latin American and Caribbean suppliers and corporations" and stated that "for this purpose, all necessary studies shall be performed to apply such preference, in the measure that current national legislations and international agreements of each country allow it. Such studies, which will be performed by the Permanent Secretariat of SELA with the collaboration of the relevant regional and inter-regional organisms, shall be submitted for a decision by the Latin American Council of SELA".

132. Studies made by ECLA show that some sectors have a great potential for carrying out joint action aimed at redirecting imports of capital goods from third countries toward Latin American countries. Most of these are sectors in which the main enterprises belong to the State, such as the electric power industry

133. It is essential that the countries members of the ALADI Agreement on Reciprocal Payments and Credits and of the Santo Domingo Agreement make every effort to complete a study of formulas for enabling other central banks of countries in the region to adhere to those agreements and that they recommend that these other countries take the necessary steps to set up bilateral lines of credit.

134. As agreed in the Quito Plan of Action, the relevant agreements will be aimed at achieving the following basic objectives: i) to reduce to a minimum the use of convertible currencies in transactions of goods and services in the region; ii) to adjust financial mechanisms so that they foster the expansion of intraregional trade, and iii) to develop mechanisms that will help attract a greater amount of extraregional resources which, in turn, will contribute to the growth of trade within the region.

135. In addition, it will be important to strengthen and expand the export financing mechanisms available to the countries and to the regional financial agencies which support integration, in order to contribute further to the growth of intraregional trade.

c) Joint purchasing power

136. It is essential that the Latin American countries use their joint purchasing power to achieve concrete results in counteracting on the international market monopolistic behaviour, which is damaging to the countries of the region, particularly as regards their purchases of capital goods. If the Latin American countries represent an aggregate demand for certain specific items, they can carry considerable weight vis-à-vis international suppliers whose own domestic markets are depressed. This joint purchasing power is also fundamental to the achievement of complementarity or coproduction agreements with outside suppliers, as it offers the attraction of the expanded market that results from adding together the demand of all the Latin American countries. Finally, this joint purchasing power is essential in opening the way for exports from the region to the industrialized countries, as a counterpart to the joint purchases made by the region.

d) Food security

137. To the measures already set forth in the Regional Programme of Action for Latin America in the 1980s, which are still fully valid and timely, the Latin American countries added, at the Latin American Economic Conference of Quito, the need to establish and support the regional food security system through the universal participation of all the countries of the region in the Committee for Action on Regional Food Security (CASAR) of SELA. They also appealed to all international, regional and subregional organizations in charge of food supplies and production in Latin America to co-ordinate their efforts and programmes in the

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framework of that Committee, to establish an effective food information system, and to devise a system of co-operation among national agencies concerned with the marketing of food.

138. The exchange of national experiences within the framework of CASAR and the formulation by each country of a national food plan to ensure the production of basic foods and improve their distribution and consumption are elements that will contribute to the consolidation of the regional food security system. The effectiveness of such measures will depend on the efforts made by the subregional agencies, which should be supported and complemented by CASAR.

139. The Quito Plan of Action recognizes that, for the achievement of greater regional self-sufficiency in basic foodstuffs, priority should be given to the exchange of food in all actions relating to the promotion of intraregional trade, including transport, the elimination of trade barriers, the establishment of the regional tariff preference and financing.

e) Energy

140. The measures established in the Regional Programme of Action for Latin America in the 1980s are complemented by the measures agreed on at the Latin American Economic Conference, particularly those which refer to the need to intensify co-operation in order to achieve regional self-sufficiency in energy and technological autonomy. For this purpose, the region's capacity to increase and diversify the production of energy and rationalize its consumption should be strengthened in order to support its economic development, reduce its dependence on a limited number of energy sources, overcome its vulnerability with regard to extraregional markets and increase the coefficient of technology and capital goods originating in Latin America and the Caribbean in the processes of production, transformation and distribution.

141. To fulfill these objectives, it will be necessary: i) to strengthen the energy planning system; ii) to increase the exchange of information in the field of energy; iii) to expand and improve the supply of energy in the region by including transactions in energy and petrochemical products in agreements on reciprocal payments and credit; iv) to promote new energy co-operation agreements and to identify Latin American multinational energy projects that will promote integration among the countries of the region; v) to promote

/the establishment

the establishment of Latin American multinational tanker fleets; vi) to promote agreements among the State-owned corporations of the region that deal with energy in order to strengthen their technological capacity and their capacity to supply capital goods originating in the region; vii) to promote the channeling of international financial resources, particularly towards the development and use of new and renewable sources of energy, and viii) to strengthen OLADE and promote the execution of the Inter-American Energy Co-operation Programme (PLACE).

f) Co-operation with countries in special situations

142. In certain fields, the RPA provides for co-operation on behalf of the less developed countries, particularly at the multilateral level. Co-operation with less developed countries is difficult to negotiate and implement and therefore these countries are always dissatisfied.

143. Consequently, the countries of the region are urged to make every effort to enter into co-operation agreements granting preferential terms and to facilitate the proper operation of the instruments and mechanisms envisaged in multilateral schemes.

144. Among others, the following short-term measures should be implemented: preferential treatment for imported commodities; a commitment to grant preferential treatment with respect to the debt of countries of the region; the application, in respect of the regional tariff preference, of the preferential mechanisms envisaged for these countries in the framework of ALADI, and the gradual expansion of market opening lists.

145. The less developed countries will be able to participate effectively in action programmes to the extent that such programmes take account of the countries' disadvantage, both in relations with other Latin American countries and in relations with countries outside the region.

2. Co-operation with other developing areas

146. In view of the severe international crisis and the discouraging results of the North-South multilateral negotiations, it is necessary to attach increasing importance to co-operation with other developing regions. This is the appropriate time to renew, accelerate and strengthen co-operative efforts made in solidarity between developing countries on the basis of their mutual interests and the more rational use of the resources available. In this connection, the Latin American

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and Caribbean countries reiterate their firm commitment to the principle of collective self-reliance adopted by the Group of 77, stressing that economic co-operation among developing countries (ECDC) is an integral part of the collective action taken by the Group for the restructuring of international economic relations and the establishment of a New International Economic Order.

147. It is important to ensure as soon as possible the effective implementation of the Caracas Programme of Action on co-operation among developing countries, adopted in May 1981, which has been applied with significant success, but which is now entering into a new, more action-oriented phase aimed at obtaining tangible, concrete and mutually beneficial results. This means that the Latin American and Caribbean countries must renew their efforts to speed up and ensure its full implementation.

148. The Latin American and Caribbean countries decide that the chapter of the RPA which deals with co-operation with other developing areas should be adapted, as regards its content and scope, to the progress that has been made and to the new priorities that have arisen. The latter are reflected in the agreements reached at the second session of the Intergovernmental Follow-up and Co-ordination Committee in the Seventh Declaration of the Ministers for Foreign Affairs of the Group of 77, of October 1983, which made a detailed appraisal of the progress achieved and laid down guidelines for future work.

149. At the same time, the countries of the region decide to give their full support to the full implementation of UNCTAD resolutions 127 (V) and 139 (VI), and in particular to support:

a) The establishment of a global system of trade preferences among developing countries, ensuring the effective participation of interested Latin American countries members of the Group of 77;

b) Co-operation among State trading organizations of developing countries;

c) The establishment of multinational enterprises concerned with marketing among developing countries;

e) Assistance to subregional, regional and interregional groupings of developing countries devoted to economic co-operation and integration, including measures in support of the co-operation programme adopted by the interim committee of the secretariats of those groupings.

150. The countries of Latin America and the Caribbean reiterate, in particular, their interest in the policy measure represented by the Global System of Trade Preferences (GSTP) provided for in the Caracas Programme of Action, the operation of which is evidence of the large number of countries of the region that have made known their intention of participating in the negotiations on the GSTP. In this regard, they reiterate their request that the secretariat of UNCTAD give its full support to these negotiations.

151. In studying, in the context of the IDS appraisal, the mechanisms for supporting the application of the RPA, the Latin American and Caribbean countries request ECLA, as a body of the United Nations system, to take effective measures to support the implementation of the recommendations made by the Intergovernmental Follow-up and Co-ordination Committee at its second session, with a view to strengthening even more the co-operation between the Latin American and Caribbean countries and ECLA, in order to promote ECDC and the application of the Caracas Programme of Action.

152. There are many areas for possible co-operation between the countries of Latin America and the Caribbean and those of Asia and Africa. All these areas are possible and promising. It is, however, necessary to view such co-operation as a process which requires time. If, within Latin America, several decades of efforts have been necessary in order to strengthen the processes of co-operation and integration, it is clear that interregional co-operation cannot skip phases which are inevitable and necessary. In spite of this, the process must be carried out at a quicker and more dynamic pace, especially in this age in which the traditional markets of Latin America are proving to be uncertain and not very active.

153. In appraising, pursuant to the mandate of the General Assembly, the implementation of the RPA in this area, and in considering its adaptation to changing circumstances and needs, the Latin American and Caribbean countries agree on the need to increase their efforts to achieve, with greater determination than ever the objective of strengthening their collective self-reliance and the fulfilment of the existing programmes and plans of action. Suitable modalities and mechanisms should be adopted at the operational level and new policy measures should be considered at various levels; these should be appropriate for the more advanced stages of ECDC and the major obstacles that are likely to arise in that respect. All this should be carried out in accordance with

/the agreements



the agreements reached at the second session of the Intergovernmental Follow-up and Co-ordination Committee on Economic Co-operation among Developing Countries (IFCC) and the Seventh Ministerial Declaration on ECDC.

154. By the same token, we reiterate that economic co-operation among developing countries is complementary in nature and is not a substitute for North-South co-operation.

### 3. International co-operation

#### a) General considerations

155. The Latin American and Caribbean countries are convinced that the complex problems of our times call for a stronger and more vigorous United Nations system, together with a determination to use it more effectively. In the face of the world crisis, this system should not be pushed aside or diverted from its principal objective. Given the current critical situation as regards international economic co-operation, the United Nations system should not be allowed to be weakened by a lack of political or financial support for its operational activities and other activities which are essential to development.

156. The Latin American and Caribbean countries reiterate their commitment to the Buenos Aires Platform approved at the Fifth Ministerial Meeting of the Group 77 at Buenos Aires in April 1983. They reaffirm the need to continue and to intensify the dialogue with the industrialized countries so that, through the mechanism of international co-operation, more concrete and effective results may be achieved and more adequate solutions to the serious problems which prevail may be found, and express their determination to work most energetically towards those ends. They also reiterate their permanent intention to maintain, against all obstacles, regional unity, which is a prerequisite for development.

157. Unless the developed countries, particularly those where the international economic crisis began, take urgent steps to put underway vigorous economic reactivation programmes designed to avoid new inflationary pressures and recessive policies and providing for measures which reflect a recognition of the legitimate interests of the countries of the region so as to enable them to participate on an equal footing in the international economy, international peace and security will be seriously threatened.

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158. The close link between peace and development makes it imperative that the resources used for the arms race and for weapons should be redirected so that the greatest share of them is used to help strengthen the development of all the peoples of the world.

b) International trade

159. The Latin American and Caribbean countries urge the developed countries to fulfil the political commitment they assumed upon adoption of UNCTAD resolution 93 (VI) and to conclude new commodity agreements which encompass all the objectives and measures envisaged in that resolution. In this regard, they intend to adopt and promote such multilateral action as may be necessary to achieve a dynamic stabilization of prices and ensure an improvement in export income. Further, they urge all the States which have not yet signed and ratified the Agreement Establishing the Common Fund to do so without delay.

160. Convinced of the pressing need for greater local processing of their raw materials as well as greater participation in the systems for the marketing, distribution and transport of their commodity exports, the Latin American and Caribbean countries propose to intensify consultations and the exchange of experiences among themselves with a view towards identifying joint actions which will contribute to the achievement of these objectives. They also urge the developed countries:

a) to abstain from applying new restrictive measures and gradually to eliminate those which apply to raw materials and processed goods imported from the region;

b) to desist from selling without prior consultation strategical reserves purchased from the countries of the region, thus causing harmful imbalances arising from the negative impact of such sales on prices;

c) to eliminate all forms of progressive tariffs affecting processed and semi-processed commodity exports from Latin America;

d) to put an end to the policy of subsidizing exports of agricultural products and other commodities whose production is based on policies to maintain high support prices, which produce major shifts in markets traditionally supplied by the countries of the region.

161. The countries of the region feel that effective measures must be taken to expand multilateral trade among the developed and the developing countries. In this connection, Latin America and the Caribbean urge the developed countries to refrain from imposing further restrictions on exports from the region, to eliminate

/protectionist measures

protectionist measures which violate international commitments and to refrain from resorting to embargoes, blockades or economic sanctions, which are incompatible with the provisions of the United Nations Charter and the other multilateral instruments currently in force.

162. Aware of the need to protect the countries of the region from excessive fluctuations in export income, especially income from commodity exports, the countries of the region reaffirm the need to adopt measures to improve and expand compensatory financing services. To those ends, it has been decided to give staunch support to the implementation of UNCTAD resolution 157 (VI), particularly as regards the prompt convening of a conference for negotiations on a complementary service to finance the deficits in commodity export income.

163. The Latin American and Caribbean countries stress that it is necessary to consider joint action to counteract protectionist and discriminatory measures applied by the industrialized countries that affect regional commodity exports. To this end, they are strongly in favour of further consideration being given to such action by the Latin American Council of SELA at its tenth regular session. By the same token, and in the spirit of decisions 112 and 113 of the Latin American Council of SELA, consideration should be given to the coercive economic measures that are being applied against the Latin American and Caribbean countries.

164. With respect to the export of manufactures, the Regional Programme of Action provides for the promotion of measures aimed at modifying the structure and operation of the Generalized System of Preferences (GSP). In addition to the elements outlined in that system, emphasis should be placed on the need to make the GSP schemes more stable and secure by means of a set of multilateral directives to be agreed upon internationally.

165. The developed countries should abolish all the protectionist measures which they are applying to protect their inefficient industries and which harm the manufactures trade of the countries of the region. In particular, such measures as export subsidies and other types of economic or administrative measures aimed at artificially heightening their competitiveness, which affect the trade opportunities of the Latin American countries, should be eliminated. At the same time, policies should be adopted that are designed to promote a structural adjustment which would permit the region's exports to have a greater share in the world trade of processed goods and manufactures.

166. The Latin American and Caribbean countries will join forces to combat energetically the protectionism which, in very diverse forms, has a significant effect on the exports of the region. To do so, it is necessary to co-ordinate efforts to organize and use their bargaining power in the operative international machinery where such matters are discussed and negotiated. In particular, they will follow very closely the implementation of UNCTAD resolutions 159 (VI) and 160 (VI). They will also, as already mentioned, consider joint action to counteract the protectionist and discriminatory measures applied by the industrialized countries that affect exports from Latin America and the Caribbean. Finally, they will attempt to complement international measures by taking steps at the regional level, such as the reorientation of trade flows by giving priority to regional supply. Such action would support regional economic security, make the production and trade of many products more dynamic, diminish the region's dependence on and vulnerability to the industrialized countries, and increase its bargaining power at the international level.

167. Finally, in view of the fact that the current rules and principles of the system of trade are neither adequate, equitable, efficient nor effective, the Latin American and Caribbean countries request that resolute efforts be directed towards the establishment of a new body of rules and principles which would make the system a universal one.

c) Financial and monetary matters

168. There is a very close and indissoluble link between foreign trade and international financing. Only if the two factors are dealt with together, in order, among other things, to increase the Latin American and Caribbean countries' payment capacity - a capacity to which the debt service must be adjusted - can a contribution be made towards solving the problem of external indebtedness.

169. The attitude of the governments of Latin America and the Caribbean in acknowledging and assuming their obligations calls for an attitude of shared responsibility on the part of the governments of creditor countries, international financial organizations and the international private banking system, as regards the solution of the external debt problem, bearing in mind, furthermore, its political and social implications.

170. The magnitude of the regional economic recession and the persistence of adverse external factors make it imperative that the arrangements and negotiations

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concerning the external debt which may in future be carried out individually by the Latin American and Caribbean countries should reconcile the requirements of servicing that debt with each country's development needs and objectives by reducing the social cost of the current adjustment processes as much as possible. 171. On the basis of these considerations and in light of the need to find a prompt answer to the debt problem and, further, in order to avoid even greater crises in the international financial and economic system, the Latin American and Caribbean countries stress the importance of the basic criteria set forth in the Plan of Action adopted at the Latin American Economic Conference at Quito in connection with the subject of the external debt, namely:

a) In renegotiating the external debt, export income should not be committed beyond reasonable percentages, which are compatible with the maintenance of adequate levels of domestic productive activity, taking into account the characteristics of each economy;

b) Procedures must be incorporated for reducing debt service payments by drastically reducing interest rates, commissions and all kinds of differentials, which increase refinancing costs considerably. It is also necessary to explore mechanisms for stabilizing over time the amount of resources allotted for servicing the debt according to each country's payments profile;

c) Terms and maturities must be considerably longer than at present, and grace periods must be extended; it is also of the greatest urgency to study the possibility of converting a considerable part of the accumulated debt into long-term obligations, a measure which would require the co-operation of the governments of developed countries and of international financial bodies;

d) All the countries in the region must be assured of the maintenance of a well-defined, adequate and growing flow of new financial resources from both public and private sources through the granting of additional commercial and financial credits, as an essential component of the renegotiations of the external debt and as a guarantee of the economic and social development of the countries of Latin America and the Caribbean;

e) Similarly, for the purpose of strengthening the payment capacity of the countries of the region, the renegotiation of the debt must be accompanied by commercial measures which are essential in improving the terms on which the exports of Latin America and the Caribbean gain access to world markets and by the elimination of the increasing protectionist practices of the developed countries.

172. The Latin American and Caribbean countries wish also to refer again to the initiative by which the ministries of finance or economy and the central banks of the countries of the region are to establish as soon as possible effective, direct and confidential exchanges of information on the terms for refinancing and rescheduling the external debt of these countries.

173. In view of the growing difficulties which the countries of the region are encountering in the financial and monetary fields, it has been decided to give vigorous support to the following measures in the relevant international forums:

a) The promotion, by any means possible, together with the other developing countries and in line with the resolutions adopted by the Group of 24, of an increase in the resources of the International Monetary Fund in harmony with the financial assistance needs of this group of countries and support for the temporary participation of the IMF in the international financial markets, in order to attract additional resources; the issuance of new Special Drawing Rights (SDRs) in amounts compatible with international liquidity requirements and the payment difficulties of developing countries; the transformation of SDRs into an international reserve currency and a review of IMF conditionality criteria in such a way as realistically reflects the characteristics of the adjustment process in times of deep economic recession and ensures that development needs are satisfied.

b) Support of the expansion and liberalization of the IMF compensatory financing facility with a view to providing total, rapid and automatic coverage of the deficits, with no conditions being imposed.

c) Emphasis on the need for IMF effectively to exercise its function of monitoring the exchange policy and the related fiscal, monetary and commercial policies of the developed countries, so as to make the adjustment process more efficient and symmetrical.

d) Emphasis on the need for the countries of the region to be allowed to participate effectively and equitably in the adoption of decisions in the institutions of the international monetary system. For that purpose, the number of votes of the developing countries in the Bretton Woods institutions should be substantially increased.

e) Support for UNCTAD resolution 163 (VI) with a view to the prompt establishment of an international export credit guarantee facility.

/f) Support

f) Support for the expansion of the capital of the World Bank so that its loans may show significant growth in real terms, with the recommendation that a larger proportion of this institution's resources be channelled towards Latin America and the Caribbean, urging it to examine and take a decision as soon as possible on the suggestions and recommendations contained in UNCTAD resolution 165 (VI).

g) Support for a substantial increase in the resources of the Inter-American Development Bank and the expansion of this institution's role in strengthening the mechanisms of regional co-operation and integration.

h) Urging the developed countries to abide by the commitments they made in the International Development Strategy with respect to allotting 0.7% of their gross national product to official development assistance.

i) Initiation as soon as possible of negotiations designed to reform the international monetary and financial systems so that they may make a more efficient contribution to the sustained development of the world economy and, in particular, to the economy of the developing countries. This objective includes the convening of an international conference on monetary and financial questions relating to development, with universal participation, which would be one of the global negotiations initiated under United Nations auspices.

d) Services

174. Aware of the growing importance of the services sector for the economic development process of the countries of the region and taking into account the need to adopt joint and co-ordinated positions in the international bodies which are equipped to deal with this matter, the Latin American and Caribbean countries consider it necessary to:

a) Reaffirm the need to adopt a joint regional position on the matter of international trade in services, for which purpose a Latin American co-ordination meeting has been convened pursuant to Decision 153 of the SELA Latin American Council;

b) Co-ordinate the position of the Latin American and Caribbean countries concerning initiatives or action which can make the legitimate development of the region's indigenous technologies viable in accordance with the national interests of our countries, especially where the more advanced technologies are concerned;

/c) Join

c) Join forces in defining and putting into operation mechanisms suitable for the dissemination and transfer of new technologies to direct users in the different fields of production;

d) Hold consultations among our countries and with regional and subregional bodies for the purpose of identifying specific areas suitable for the promotion of regional and subregional co-operation arrangements in the field of services, in particular in the transport, insurance and re-insurance sectors;

e) Grant, in the implementation of national or multinational projects, preferential treatment to national corporations supplying services (consultant and engineering services, in particular) from the countries of Latin America and the Caribbean;

f) Ask the Inter-American Development Bank to take such measures as may be necessary to establish systems which help in reducing the cost of insurance and re-insurance in the region, taking into consideration those involved in the execution of the projects financed by this Bank.

175. In the consultations and action undertaken in fulfilment of the provisions specified in this chapter, due account will be taken of the diversity of national laws in some of the service-connected areas.

e) Relations with certain developed areas

176. It appears that serious difficulties will continue to hamper commercial relations between Latin America and the EEC and that there is little prospect of the situation improving substantially over the short term. It is therefore evident that the Latin American countries must organize and make adequate use of their bargaining capacity in order to prevent the discriminatory and protectionist trends mentioned above from growing and becoming stronger in future.

177. It will be necessary to activate and strengthen, in the appropriate forums, the negotiations being undertaken by Latin America in order to solve the persistent difficulties it has encountered in its trade relations with the United States and to combat the growing trend towards protectionism that is evident in that country. Some of the questions to which priority should be given are the reduction and elimination of tariff barriers (scaling and dispersion of customs duties) and of non-tariff barriers, which make it difficult for exportable products from Latin America to have access to the United States market; the need for the United States

/to participate



to participate and collaborate in the adoption of a set of measures aimed at stabilizing the international prices of commodities, and the expansion and streamlining of the Generalized System of Preferences (GSP) applied by that country, particularly before the current scheme expires in 1985.

178. With regard to the Generalized System of Preferences (GSP) mentioned in the preceding paragraph, we reiterate that it should be renewed in due course, that it should be made permanent and that as was the original intention, it should continue to be a generalized, non-reciprocal and non-discriminatory system.

The following table shows the results of the experiment. The first column shows the number of trials, the second column shows the number of correct responses, and the third column shows the percentage of correct responses. The data shows that the percentage of correct responses increases as the number of trials increases, indicating that the subject is learning the task.

Number of Trials	Number of Correct Responses	Percentage of Correct Responses
10	5	50%
20	12	60%
30	18	60%
40	25	62.5%
50	30	60%
60	35	58.3%
70	40	57.1%
80	45	56.25%
90	50	55.56%
100	55	55%

The results of the experiment show that the subject's performance is stable and consistent. The percentage of correct responses remains relatively constant around 55-60% across all trials. This suggests that the subject has reached a plateau of performance and is no longer learning from the trials.

The experiment was conducted under controlled conditions. The subject was given a clear instruction and was aware of the consequences of their responses. The results of the experiment are therefore reliable and valid.

The experiment was designed to test the subject's ability to learn a simple task. The results show that the subject is capable of learning the task and reaching a plateau of performance. This is consistent with the theory of learning and performance.

The experiment was conducted over a period of 100 trials. The results show that the subject's performance is stable and consistent. The percentage of correct responses remains relatively constant around 55-60% across all trials. This suggests that the subject has reached a plateau of performance and is no longer learning from the trials.

The experiment was designed to test the subject's ability to learn a simple task. The results show that the subject is capable of learning the task and reaching a plateau of performance. This is consistent with the theory of learning and performance.

Annex

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