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STATEMENT BY THE EXECUTIVE SECRETARY OF THE
ECONOMIC COMMISSION FOR LATIN AMERICA AT
THE THIRTEENTH SESSION

I consider it a good omen that the thirteenth session of the Commission is being held in the capital of a country that already in Inca times was the trail-blazer of economic and social planning in the Americas. The Inca empire was founded on economic structures that the Incas were wise enough to adapt to changing needs, while respecting local customs and traditions as the basis of enlightened government.

The ancient Peruvians were not only planners, they were great builders, especially in agriculture and communications. All this was done, not haphazardly, but in the pursuit of clearly-defined aims and following what the well-known Peruvian historian, Gustavo Valcárcel, has called a conscious process of interaction, combining research, discussion and the co-ordination of ideas.

I am sure that the great feats of the past, coupled with the progressiveness and truly Latin American spirit of the country which is now our host, will form an excellent backdrop for our discussions, designed to discover better methods of development for Latin America.

1. Recent economic trends

I must make the usual report to the Commission on recent economic and social trends in the countries of the region. On this occasion I shall be brief, so as to leave more time to deal with the Latin America's future and the basic aspects of the strategy for the second Development Decade, which is the central topic for discussion at this session.

/Over the

Over the past year, there has been a marked improvement in the Latin American economy, in both the domestic and the external sector. These favourable trends have also been more widespread than formerly, since they were felt in a larger number of countries than hitherto.

In the region as a whole, the aggregate gross domestic product increased at a rate of approximately 5.5 per cent in 1968, compared with an annual average of 4.6 per cent since the beginning of the nineteen-sixties.

This progress was achieved despite the fact that in many countries the performance of the agricultural sector was relatively poor owing to climatic conditions. In contrast, manufacturing industry and construction grew rapidly, and in virtually all countries there was a significant rise in investment in productive capacity.

It is quite clear then that the external sector was responsible for these trends. The earnings from exports of goods and services increased by 5.6 per cent and reached the impressive figure of 13,720 million dollars, while the value of imports of goods and services rose by more than 7 per cent to a total of 13,380 million dollars.

The fact that the growth of imports outpaced that of exports, combined with the increase in transfer payments of interest, profits and other service payments on debts and foreign investment, increased the balance-of-payments deficit on current account to more than 2,000 million dollars. Inflows of foreign capital were sufficient to cover the deficit and enabled many countries to increase their monetary reserves.

Another salient feature of 1968 which is of importance is the anti-inflationary policy. More determined steps were taken to control inflation in several countries and appreciable success was achieved in holding down prices.

/Despite the

Despite these favourable developments in the economy of the region in 1968, there is marked and growing dissatisfaction with the performance of the Latin American economies in spite of the economic growth rates recorded in some countries, which have been quite high.

First and foremost is the fact that Latin America has the highest rate of population growth in the world, which reduces the real significance of the over-all figures for income and consumption.

Although this basic aspect, which is already well recognized must be emphasized, care must be taken not to jump to over-simplified conclusions, since it will be some time before any action to control population growth has appreciable effects.

The second point to be borne in mind is that the over-all development of the region, or of individual countries, masks substantial differences in the extent to which the different social groups, the different sectors of activity and the different areas or regions share in the benefits of development. In this respect as is well known, the structure of growth in Latin America is characterized by profound disparities. It must not be forgotten that large segments - in some cases more than 50 per cent - of the population of Latin America, especially those in rural areas or on the urban periphery, are still largely excluded from the progress and success enjoyed by the groups, sectors and areas in which technological progress has been concentrated.

A third point to be considered relates to what is called the "revolution of rising expectations", spurred on by the demonstration effect of the consumption and living patterns of the industrialized countries and by growing pressure from the under-privileged masses who are demanding their share in the modern community. It must be remembered, however, that this

/revolution has

revolution has a somewhat different meaning for the high-income minority than in the vast masses of the population; while the former are striving to achieve the consumption patterns of economies with average personal income levels as much as seven times higher than those of Latin America, while for the latter it is a struggle to obtain the goods and services which are essential to their survival.

2. United Nations programme for the second
Development Decade

In 1945, the Member States of the United Nations, in accordance with Article 55 of the Charter, undertook to promote "higher standards of living, full employment, and conditions of economic and social progress and development". As 1970 approaches, they will reaffirm that undertaking. But that reaffirmation cannot merely be a formal declaration; it must represent a basis that will lead to specific measures and to national and international programmes for a new and vigorous effort to stimulate balanced world development.

There are many reasons for making this new effort. Many new nations have emerged since the Charter was signed, and they are struggling for a viable economy and to satisfy their peoples' hopes of attaining better living conditions; new problems have arisen throughout the world and others have become far more pressing; the unprecedented speed of technological change, while alleviating some of the difficulties of mankind, has intensified others, mainly in the economically less developed countries; methods of economic co-operation have expanded and multiplied; and, in this context, the progress of the poorer countries has been slow and haphazard, not only compared with the hopes expressed in 1945 and at the beginning of the nineteen-sixties, but also in relation to what is considered essential for economic, social and political progress all over the world.

/It has

It has been fully recognized - and expressed in various resolutions of the General Assembly and the Economic and Social Council - that economic and social development is primarily a national responsibility: it depends on the efforts of nations acting on their own or through their Governments. The fact that the policies, programmes and strategies to be followed in the nineteen-seventies will be at the national level is not incompatible with the fact that nations will have to adopt policies, programmes and strategies collectively, by groups or at the international level, in cases where efforts have to be combined or interrelated.

The preparations for the second Development Decade may therefore be considered at three different levels: national measures to overcome specific internal obstacles to economic and social progress, national policies that affect the movement of resources between countries and international action by groups of Governments to deal with problems of common interest.

The combination of national measures and multilateral programmes and policies with due regard for external considerations may come to constitute an international strategy. The challenge that faces the world community is to make this strategy as consistent and objective as possible. This could be done partly through the establishment of certain norms or goals that would serve both to encourage nations to make the additional effort required and to quantify the changes which must be made, thus providing a more realistic basis for the formulation of policies and the periodic evaluation of the progress achieved.

It must be clearly understood that there is no question, therefore, of imposing norms or of establishing uniform targets from the outside. The wide range of needs and objectives and the special policies of each Government will continue to be reflected in the national targets which the countries themselves must establish, within the context of the second Development Decade.

/The secretariat

The secretariat of ECLA is at present co-operating with those working at the international level on the preparations for the second Development Decade, that is, the Committee for Development Planning and Preparatory Committee for the Second United Nations Development Decade. It has accepted this task with particular enthusiasm because it provides opportunity to prod every Latin American country into making a fresh effort, and it enables the developed countries to consolidate their approaches to financial and trade co-operation. Although these programmes are now likely to evoke a more favourable and mature reaction than they would have evoked ten years ago, it must be reiterated - as stated in the documents presented at this session - that it is absolutely imperative for Latin America to make new, vigorous and continuing efforts to prevent the existing gaps from widening still further, and to cease being a complex of relatively small unrelated units without a co-ordinated development policy, and to become instead a strongly-knit entity in its relations with the rest of the world.

In the last few months, the secretariat has devoted much of its time to preparing data that may be useful to Governments in formulating their policies and strategy; they are contained in the various documents before this session. They cannot be regarded as final documents; it is even possible that you will find gaps in them in relation to areas requiring still further research and discussion. The document entitled "Basic aspects of Latin American development strategy" (E/CN.12/836) summarizes the main ideas set forth in the other documents and endeavours to present the secretariat's thinking as a consolidated whole in order to facilitate discussion. We hope that this discussion will help to clarify ideas concerning future Latin American strategy, at the national and international level, and will serve as a basis for the guidelines which the Governments must give us regarding the secretariat's programme of work.

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3. Efforts to promote the development of Latin America during the sixties and results achieved

The decade of the sixties was of very special significance for Latin America. During this time vital decisions were taken, such as the adoption of the Charter of Punta del Este and the convening of the Meeting of American Heads of State; important regional financial institutions, such as the Inter-American Development Bank and the Central American Bank for Economic Integration were strengthened; great strides were made in establishing infrastructure; some national programmes for modifying economic and social structure were launched; and there was acceptance by the industrialized nations - although no actual implementation - of a number of concepts regarding the establishment of better trade and financial relations with the developing countries, many of which concepts were evolved in this Commission and later spread to the rest of the world. This has also been a decade in which we have taken stock of our needs and continuously identified the gaps between our countries and the industrial countries.

It cannot be denied that there was economic progress and social progress during the sixties, if the latter is measured in physical terms, such as hospitals, schools, housing and water supply. Unfortunately, however, it has also been a decade of what might be called a sharpening of contrasts both internally, within each nation, and regionally, in relation to the developed countries. For example, the much talked of trade gap, income gap, technological gap, and gap in managerial skills, etc. have widened and the differences within each country between the poor and the rich are more acute, because the fruits of progress have been concentrated mainly in certain higher social strata.

If we reread the various titles, chapters and resolutions of the Charter of Punta del Este, we find that the Alliance for Progress has excellent premises and goals. If we re-examine the

/Declaration of

Declaration of the Presidents of America, we see that the decisions they took concerning the effort to be made by the countries of Latin America jointly and severally and the effort to be made by the United States as a partner in the undertaking could not be more firm, clear and comprehensive. The main question then is: what went wrong in our region during this first Development Decade, when the Alliance for Progress programme was amalgamated with the political decisions of the Presidents? Dr. Prebisch has a very simple answer: this was a development decade without development policies. Upon closer examination, some further thoughts occur. First, some of the objectives established could not realistically be met and, as the documents for this Conference show, were inadequate in relation to the basic needs of Latin America, in particular, the need for a substantial increase in employment opportunities. Secondly, there was no involvement of certain sectors of society, including much of the government sector, in action programmes and no follow-up on those programmes. Many of the programmes launched in some countries or pushed with renewed zeal - such as agrarian reform, tax reform and integration - flagged with the passage of time. Thirdly, institutions to implement the proposed programmes were not established or were not suitably adapted. On the other hand, it can be seen that when a country had institutions which had been adapted to implement a programme - as in the case of education, housing and health - there was considerable progress. The only regional institutions which already existed - the IDB and the Central American Bank for Economic Integration - did quite effective work. Fourthly, it should be recognized that financial and technical co-operation from the United States also fell far short of the mark. Fifthly, many factors were underestimated, such as the absence of technical staff and managerial skills, the effect of inflation in several countries and the obstacle

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created by the differences in the degree of development of the various Latin American countries. Lastly, there was a considerable slackening of efforts to organize proper planning, without which it will be very difficult to co-ordinate the different kinds of action which must be taken to achieve progress.

In short, so far as its internal situation is concerned, Latin America during the sixties had no real operational development strategies, national or regional, and no adequate machinery to implement government decisions. In addition, it was hampered by the external structural factors with which we are all too familiar.

4. Components of development strategy in the coming decade

The favourable economic trends of 1968 should be viewed against the background of the over-all economic situation and of the frankly discouraging prospects for the external sector. They must, above all, be seen against the sheer scale of the problems of economic, technological and social backwardness prevailing in the region, which are described in the various documents before the Commission. Despite the definitive progress made in many aspects of Latin American development, the institutional and structural changes that are vitally needed are slow in coming, the over-all annual growth rate of 4.8 per cent - which the region averaged for the nineteen-sixties - is lower than the rate for the first fifteen years after the war, while the goal of raising the average per capita income by 2.5 per cent annually has not been achieved in many countries, comprising more than two-thirds of the population in the area covered by the Alliance for Progress programme.

Structural unemployment is on the increase, and this is not simply the result of inadequate economic growth and high rates of population increase, but also of the structure of the Latin American economies and of the high degree of income concentration.

/The external

The external financial position of the Latin American countries is highly vulnerable: the upward spiral of the foreign debt has reached the point where remittances of profits and interest, amortization and other payments on foreign capital absorb more than 35 per cent of the value of exports of goods and services for the region as a whole.

The process of economic integration is also beset by difficulties in the LAFTA area, and even within the Central American Common Market.

It is well known that for economic and social development, the essentials are an increase in the product per economically active person and a growth structure which is capable of absorbing manpower while stepping up the growth rate of productivity and income, especially in the social sectors which are lagging behind. These aims can be achieved only by accelerating capital formation, spreading and assimilating modern technical know-how and introducing more efficient forms of production, training the labour force and ensuring that resources are allocated for specific economic and social purposes. Let us now see how far these requirements are being met in Latin America.

First and foremost, aggregate capital formation is rather low; it could be increased if the consumption levels of the higher social strata were reduced. For example, if the high relative prices of capital goods compared with consumer goods are adjusted, the investment coefficient would be appreciably less than 15 per cent. The problem lies, however, not only in the level of investment but in its sectoral distribution. In this respect, the demand of the high-income groups, which is for goods which can be regarded as of the luxury type in comparison with the average living level of the majority of the population, reduces the amount of resources available for investment in the production of mass-consumption goods and in production and imports of essential intermediate and capital goods. While the durable consumer goods industries have undoubtedly had a multiplier effect
/on other

on other economic activities, their impact on production and employment would have been much greater if the resources used had been earmarked for industrial activities vital to industrial development or for building up an industrial structure capable of exporting manufactures or semi-manufactures.

The agricultural sector continues to be one of the main obstacles to Latin American development, since it accounts for a large proportion of the structural unemployment that exists and has the lowest per capita income levels. Agricultural production has not been enough to satisfy domestic demand; opportunities of developing certain exports have been lost; and agriculture is still rather heavily dependent on imports. The fundamental causes of this situation are well known: the land tenure system, technological backwardness, low productivity and the small volume of investment.

Import-saving industrialization has given great impetus to economic growth and much experience, knowledge and familiarity with industrial questions have been gained thereby. Indiscriminate import substitution, however, under the shelter of exaggerated protectionism has led to extensive industrialization that is highly inefficient and costly. For example, in the more advanced countries in particular, durable consumer goods industries have been developed to the detriment of strategic development activities such as steelmaking and the chemical, petrochemical and machinery and equipment industries. Moreover, the establishment of plant of inadequate size has meant that capital has been squandered and productivity kept down; where economies of scale could be meaningful, they have not been achieved and much of the capacity is under-utilized.

The external structural obstacles are common knowledge. Import substitution policy and the failure to link Latin American economic growth with the more dynamic international trade activities have kept the region dependent on primary commodities and their traditional markets. Import substitution has failed to remedy the chronic deficit in the balance of payments and has
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created a very inflexible external situation. This rigidity has been intensified by the adverse effect of the foreign debt, with its heavy burden of servicing and the close connexion between the growth rate and external indebtedness.

These trends, while differing in extent and magnitude from country to country, clearly reflect the major problems of Latin American development. The basic strategy decisions and instruments of development policy can have but one purpose: the removal of these internal and external structural factors and the establishment of the basic institutional conditions that will enable the economic and social system to achieve more rapid growth and attain specific production, employment and income distribution objectives. The nature and force of the decisions taken cannot but be proportional to the magnitude of the problems that must be confronted and to the severity with which those structural factors are cramping the economic and social development of the region.

As shown in more detail in the strategy document ECLA is submitting to this session, it is clear that development strategy must pursue three essential objectives. The first, of course, is to accelerate economic growth and productivity in a more consistent and permanent way than in the past; the second is to solve the problem of structural unemployment; and the third, which is more directly related to social aims, is to improve income distribution. There is also a fourth objective, which is partly implicit in the first three, and that is to correct the pronounced imbalances and disparities in the regional distribution of production and income within the context of the national economies.

Raising the current annual growth rate of the gross domestic product of the region as a whole to a target of 6 or 7 per cent over the coming decade will require a considerable increase in investment.

/The ratio

The ratio of investment to the product will have to increase from 16 per cent to 20 or 23 per cent or more to sustain such rates. For this to happen, increases in consumption have to be held down and, given current Latin American conditions, this can be done only by cutting down the consumption of the high-income groups so as to increase investment resources and thus strengthen the productive capacity of the economy. This is not an attempt to make a token redistribution of income - which in the final analysis would not achieve its objective - but to mobilize the potential resources that exist in the high concentration of income and convert them into investment.

It is clear, then, that an essential element of development strategy is the mobilization of domestic resources in a way that will make it possible to use as soon as possible the production capacity standing idle in plants producing intermediate and consumer goods, and to alleviate the critical problem of structural unemployment. The policy for mobilizing resources should be directed towards improving income distribution so as to ensure a rapid rise in the consumption levels of the half of the population whose subsistence levels of living are all too well known.

Agrarian reform is another key element of the strategy. Improving the living conditions of the urban and rural population calls for a rapid increase and diversification of agricultural production, which is impossible as long as the present low levels of productivity and the structural factors associated with the system of land use and tenure persist. Land reform is therefore the key instrument for bringing about the economic and social changes required for development in rural areas and in the society as a whole. It has three complementary aims: to raise agricultural production and productivity; to re-distribute rural income by distributing land, or facilitating access to it, and raising wages; and to help solve the problem of structural unemployment.

/The enormous

The enormous amount of structural unemployment in Latin America and the expected increase in the labour force in the next decade bring employment policy into focus as another important element of development strategy. Because of the changes that must occur in the over-all composition of demand and because of the desired expansion of exports, it is only logical that the accelerated growth of investment and production, agrarian reform and the new structure that must be shaped for the Latin American economy will result in a greater absorption of the labour force. But this alone will not be enough; it will be necessary to apply an efficient policy for the use of capital that will make it possible to attain the prime objectives of productive employment and maximum levels of production.

Among the questions that cannot be ignored in devising this strategy are the regional aspects of development in the context of the national economies themselves, to which I alluded earlier. Mobilization of resources, agrarian reform, problems of employment and the aims of income distribution will have to be considered in regional terms. In short, the need to promote internal economic and social integration requires a regional development strategy within the context of an over-all strategy.

As has already been said, the strategy must be endowed with specific instruments for removing the structural factors which hamper development. We must identify the kind of action and procedures required to remove the external bottleneck - in other words, seek ways of covering the potential trade and balance-of-payments deficits and of making the Latin American economies less vulnerable in the external sector. The basic instrument of external action can only be the expansion of exports and, in particular, the promotion of exports of manufactures and semi-manufactures. Latin America's experience in the last few decades, and especially in recent years, is

/very edifying

very edifying: it indicates that it cannot continue to borrow in order to secure temporary relief from the problem of the external bottleneck.

Given Latin America's high degree of dependence on imports of essential and capital goods, and the prospect of an inadequate increase in the growth rate of its exports, external financial assistance will continue to be required until such time as export earnings do expand. Therefore, over-all development strategy must also include a policy for external financial assistance that will define what international action is necessary, and how such assistance can best fulfil the specific function of maintaining the momentum of economic development in order to meet the objectives mentioned above. There are three basic considerations which this policy will have to take into account: first, it will have to promote inflows of the necessary external resources; secondly, it will have to ensure that those resources are not, as so often happens in Latin America, a substitute for potential domestic resources; and thirdly, it will have to provide machinery for ensuring that growth will gradually become independent of external financing as a result of export expansion and an increase in the domestic savings coefficient.

The various forms of economic integration in Latin America constitute another basic instrument of development strategy. Integration can have an immediate effect, as it is already having, to quite a significant extent in Central America - and also, with some difficulties but with some promise, within LAFTA - in helping to close the potential trade gap. Moreover, the expansion of Latin America's external market will offer genuine possibilities of going ahead with more efficient industrialization than was the case in the past. Efforts to promote integration must therefore continue.

/Given well-designed

Given well-designed national policies in which all these various aspects are properly co-ordinated, economic integration is not incompatible with the basic objectives of national development strategy or with all the other policies through which this strategy is to be implemented. On the contrary, it is an essential and extremely effective concomitant of those policies. There is no point in repeating the proposals that have been made in recent years. Today we know that methods of direct action are the best way of promoting integration, methods such as physical integration through transport and communications, regional programmes among neighbouring States, multinational projects, water basin development, and development programmes for areas involving several countries. In addition, there is a need for a reappraisal of the problems and obstacles encountered in integration in the light of recent experience. The ECLA secretariat is working on this task and, with the co-operation of the integration organizations, it expects to put forward some suggestions in the near future.

To sum up, development strategy comprises four basic instruments of a general character: mobilization of domestic resources, agrarian reform, employment policy, and regional policy in relation to national programmes. It also has three instruments relating to the external sector: export expansion - especially exports of manufactures - external financial assistance and Latin American regional economic integration. The function of national planning is to co-ordinate action and to determine the comparative weight of each of these instruments in the light of the particular circumstances of each country.

5. Future action to be taken

At this stage of my remarks, I hope you will forgive me if I deviate somewhat from my role as servant of the Latin American Governments in the purely technical field and assume that of the politician, in order to share with you some of the secretariat's preoccupations concerning the next decade.

The basic political concern, from which all the others probably stem, is the fact that Latin America, as a group of countries linked by geography, history and relative economic level, has not yet formed an idea of the role it wants to play in the world theatre, as other regions and countries have done.

As a bloc of consolidated nations, Latin America could hold an important position. In this connexion a number of questions arise. What position can Latin America hope to attain? What are its distinctive features likely to be? Will it merely become a richer and broader field of action for the great Powers, or will it have narrowed the gap between them? What part will it play in the developed world and in the rest of the developing world? Will it continue to be a passive element of progress or will it become an active participant in creating new thinking, new science and new technology?

To look at Latin America from another angle, as pointed out in the conference documents, it is surprising to find that in spite of the extensive and constant discussions of development and social rights in the course of the last twenty years, no clear picture has yet emerged of the type of social change that is required or the kind of Latin American society that should result from the struggle to speed up the tempo of growth. This would seem to indicate that we have a built-in tendency to accept the high-income industrialized

/countries as

countries as models, although their past and present patterns of growth may be unobtainable or undesirable for the Latin American countries. The formulation of genuine societal policies that will embody the goals for the future and signpost the roads to them are thus essential as a blueprint for social action.

You will undoubtedly agree with me that it is urgently necessary to undertake studies and frame policies on both the position of the Latin American countries in the world of today and the image of the society that they should work towards. The younger generations must not feel that their horizon is completely shut in, nor will the Latin American countries be able to come to any agreement or step up their pace of growth unless they have a clear idea of their economic, social and political objectives.

All this means that Latin America will have to define the image it wishes to present to the rest of the world. It is not necessary for the countries to conform to a common pattern; with their separate personalities, they must, however, combine and take concerted action in matters of mutual concern. Sub-continental solidarity is not just a phrase; it is a prerequisite for it to participate successfully and in its own right in the community of nations.

It has often been said that the nationalism of the countries in this region is impeding their attempts to achieve union and solidarity through integration, for instance, or the struggle to gain access to world markets. I do not believe that this is so; nationalism is a great incentive to progress and a driving force capable of inspiring the most reluctant spirits and drawing the most apathetic sectors into the common effort. Latin America's problem is that the right strategies have not yet been devised for welding the nationalistic

/spirit of

spirit of each country into a true "Latin American nationalism", which will give the region clear-cut personality and act as the mainspring of economic and social development.

The primordial element for the development of the region's personality is that the individual countries should agree to harmonize their development policy, not merely in internal affairs, that is, in those that are mainly concerned with the successful formation of a common market and infrastructure, but in those that have to do with their external relations, especially in trade, financing and the transfer of technology. Consequently, the streamlining of policies, to the extent that it can be achieved with due respect for the differences between countries, is one of the most urgent and most fruitful tasks. There is no denying that considerable progress has been made, particularly in questions of trade with the industrialized countries, but even here much still remains to be done.

Although this may seem contradictory, it is also necessary to bear in mind the wide differences that exist between one Latin American country and another which are, of course, especially pronounced in matters of income levels and of the stages and patterns of economic development. These differences are a serious problem, which is obstructing integration, policy harmonization and the development of a common economic and social image for the region. Hence, an essential feature of future Latin American policy must be special treatment for the relatively less developed countries, including participation in such schemes as subregional integration, which are indispensable for their progress.

The differences between one nation and another give grounds for thinking that, even if a regional personality is built up and economic solidarity achieved, development problems may have to be solved in completely different ways in different countries. In other words, in matters of economic and social

/development strategy,

development strategy, Latin America cannot be treated as a whole, but will have to be studied in terms of the specific problems of single countries or groupings. It should be borne in mind, however, that some major problems are common to the whole region, or to groups of countries, and should be dealt with as such in order to save time and effort in research, and to pool the efforts to solve them.

To conclude this part of my statement, I should like to point out that one of the factors that will help to determine the future personality of the region is the effort on the part of each country to reduce and eventually eliminate its dependence on the industrialized nations in such matters as trade, the exploitation of natural resources, the transfer of technology and financing. Such independence must not be equated with separatism, autarchy or the severing of ties in those fields; instead it should signify the establishment of an equitable relationship and of a healthy interdependence, which alone can endow the region with the personality and bargaining power to become an influential, mature and essential part of the community of nations.

Let us take the question of technological dependence, which is probably more important than financial dependence and is one of the region's major problems. Without any pretensions to self-sufficiency in this respect, it should be possible for the region to outgrow its present state of subjection by evolving technologies that are tailored to its own resources. and also to defend itself against patents and royalties that are too costly for what they yield. Several examples could be given of its ability for technical research, the results of which are being put to good use even by the more developed countries; but up to now the Latin American Governments and industrialists have attached scant importance to the development of this line of activity.

/The other

The other type of dependence which must be considerably reduced in the future concerns decisions on industrial matters and business in general, which are at present geared to foreign interests. Foreign investment is necessary and may be welcome when it makes a real contribution to the development of the Latin American economy when it is used for introducing new techniques, training personnel and - most important - helping to channel Latin American manufactures to the markets of the rest of the world. At the moment, because of the capital structure which we have had to accept, the decision-making in many of our firms rides rough-shod over the best interests of the individual countries or of the region. By harmonizing policies and at the same time strengthening the Latin American economy, this dependence will gradually be eliminated. Credits and direct multilateral investment, which should become proportionally more important than bilateral investment, can be a great help in this direction, as can regional and sub-regional development banks and corporations, which should increase in number and resources to become effective instruments for the implementation of national development plans.

This policy of reducing the region's dependence on foreign capital and changing its form, so that firms are free to take their own decisions, is not against the interests of the capital-exporting countries or against foreign investment in general. Some firms may see it in this light, if they are considering only their short-term interest, but in the long run it suits the capital-exporting country to invest some, if not the major part, of its capital in regions or countries whose economy has become strong and dynamic, which is precisely one of the aims of this policy.

The third feature which I should like to see in the economic future of our country is independence - or at least balanced inter-dependence - in transport of all kinds, and particularly in the transport of freight by sea and air. There is no point in

/Latin America

Latin America having plans and programmes for industrial reorganization, integration, and export of manufactured goods, if its transport depends on external decisions which may not always be in the best interest of the region.

Latin America must enter fully into the United Nations programme to promote development during the nineteen-seventies. The time has therefore come for delegations to ask themselves what role the Commission should play in carrying out the programme now being shaped and how the secretariat can co-operate effectively with the Commission and with Governments in the preparation of national plans.

On the first point, this Conference can take decisions or prepare the way for other meetings of various kinds to study the major questions that will arise in connexion with the application of whatever programme of action is decided upon for the second Development Decade. The fact that the Commission's membership includes some of the world's most developed countries will be of great help in a task of this kind. These countries should make a commitment to co-operate and we should start considering concrete questions of trade, financing and technical assistance, so that the second Development Decade can be an effective operational programme.

6. The role of the ECLA secretariat during the next decade

It seems to me that this session provides an excellent opportunity for delegations to give some thought to the role which the secretariat should play in the next few years in relation to the United Nations programme of action, once they have had time to reflect on the problems facing Latin America during the seventies. I am not talking about substantial changes in the programme of work, since in its essentials it is already aimed at meeting Latin America's future needs; but I do think it would be advisable to change the focus of some of the activities in the light of new proposals emerging from this meeting.

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It may perhaps be helpful to explain that, in very general terms, the work of the secretariat is divided into two main parts. The first is research into the subjects dealt with by the substantive divisions, namely, economic development, industrial development, social affairs, transport, etc., some of the results of which are to be found in the documents presented to sessions such as this, and to smaller technical meetings, and in ECLA's periodical publications, such as the Economic Survey, the Economic Bulletin, the Statistical Bulletin, and the notes on economic and social development in Latin America. The other part of the work, which absorbs more man-years of work, consists of technical co-operation, advisory services to Governments and integration institutions, training, and the presentation of the knowledge that has been gained about Latin America at various meetings in the region and outside it. There is no doubt that this second part of the secretariat's work is both very useful and very important, but as it is carried on quietly and with no fanfare of publicity, it seldom comes to the Commission's knowledge or at least only in bits and pieces. It is important to explain this, because ECLA's work is often judged strictly on the basis of the new documents or the new ideas it has produced, and nothing is known about the daily work that is carried on with the secretariats or the different Latin American integration movements, or the advice to Governments provided by the ECLA staff, or the technical co-operation extended to the Latin American countries by more than forty regional advisers, who have been outposted to ECLA by different agencies of the United Nations family in order to give the countries constant technical support.

Another area which will be engaging our attention is the provision of economic and social information on Latin America to all Governments, private institutions and research workers. A Documentation and Research Centre is to be set up in ECLA for this purpose. It will have up-to-date data retrieval and computer /systems, and

systems, and will also deal with statistical data. The Netherlands Government has made a most generous offer of half a million dollars to finance this project, for which I should like to express my thanks and appreciation in this forum.

In connexion with the guidelines for the secretariat's programme of work, I should like to remind representatives that on many occasions, and particularly in his opening statement to the General Assembly last year, the Secretary-General of the United Nations has stressed the decentralization of certain functions which are at present carried out by United Nations Headquarters, and which are directly related to the geographical areas covered by the four regional economic commissions. This may mean that the commissions will be given more resources as well as more responsibility, and such decentralization will certainly make for better co-ordination of United Nations' activities.

Another thing which should be taken into account is the fact that there are other Latin American, inter-American and international institutions also which are concerned with different types of development problems. It is urgently necessary to increase co-ordination of all such efforts so that work may proceed as efficiently as possible from the standpoint of the region as a whole. You will be interested to learn that ECLA has concluded agreements with FAO, UNIDO and the ILO. It is working in conjunction with UNCTAD, GATT, WMO, the Pan American Health Organization, UNESCO, UNICEF, IDB and OAS on certain projects, and it has held a series of talks with OAS which point towards closer co-ordination in future.

The secretariat has followed closely the work of the Special Committee for Latin American Co-ordination (CECLA), and has acted in an advisory capacity at all its sessions. It has also co-operated by submitting the documents requested of it, and is now preparing seven technical working papers for the May session.

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This is an opportune moment to point out the importance of a flexible organ of this kind for considering problems in a completely Latin American setting for subsequent presentation in forums at which countries from outside the region will be represented.

However, I personally find it regrettable that not all the Latin American countries are represented on CECLA; I hope that this will be remedied in the future so as to foster and strengthen the ideal of the unity and solidarity of the peoples of the region.

The final point I wish to make is that the United Nations Development Programme would like the ECLA secretariat to play a larger role in programming technical assistance activities at the country level so that advantage may be taken of its experience of economic and social development questions and its knowledge of regional problems common to groups of countries or to Latin America as a whole.

I hope that this brief statement has given some idea of the thinking and activities of the secretariat, and that it will serve as a guide in the discussions which the delegations will hold on the Commission's future role, the strategy to be adopted by the Latin American countries jointly or individually to speed up the pace of growth in the nineteen seventies, and the decisions to be taken by Governments on our work programme.

May I conclude by thanking the Government and people of Peru for their magnificent hospitality, and by expressing the hope that this session will yield positive results which will constitute an important step forward in the economic and social development of Latin America.