

UNITED NATIONS

ECONOMIC
AND
SOCIAL COUNCIL



E/CN.12/AC.57/SR.1
2 March 1964

ENGLISH
ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA

Committee of the Whole
Tenth Session
Santiago, Chile, 12 to 14 February 1964

SUMMARY RECORD OF THE FIRST MEETING

Held at ECLA Headquarters, Santiago, Chile
on Wednesday, 12 February 1964, at 10.35 a.m.

Acting Chairman: Mr. MAYOBRE Executive Secretary of the
Economic Commission for
Latin America

Chairman: Mr. DAZA Chile

CONTENTS: - Opening addresses
- Election of officers
- Adoption of the agenda
- Progress report by the secretariat

OPENING ADDRESSES

Mr. DAZA (Chile) said that his Government and public opinion in his country attached particular importance to ECLA's activities, since they considered that the Commission's experts had given Latin America a new ideological impetus. ECLA's work had resulted in the creation of a Latin American sense of awareness, inasmuch as it had given the continent a theoretical conception of what its economic development should be and how it should be achieved. One of the fundamental ideas postulated by ECLA and no longer in dispute was that of economic integration as an indispensable requisite for Latin America's economic development. Considerable progress had been made between 1956, when ECLA's Trade Committee had discussed the legitimacy of establishing a system of trade preferences between the Latin American countries, and the present time, when there already was an instrument for furthering integration - the Montevideo Treaty.

Another fruitful initiative had been the setting up of the Latin American Institute for Economic and Social Planning, whereby the concept of planning had gone beyond the purely ideological and political plane and had come to be accepted as an instrument of co-ordinated action towards economic and social progress.

The present session of the Committee of the Whole was taking place at a time of far-reaching developments related to the forthcoming United Nations Conference on Trade and Development. In that field, too, ECLA had made a valuable contribution, especially by invalidating the theory that international trade tended towards equitable distribution of wealth and harmony of interests. Thus, Latin America's share of world trade had gradually diminished in the last few years, falling from its former level of 10 per cent to less than 7 per cent in 1963. That situation directly affected the region's possibilities of economic growth.

At the meeting in Brasilia, the experts were presented with a well-prepared report by ECLA which would serve as the essential basis for Latin America's action in Geneva, where the developing countries would have the opportunity to express their misgivings and to see many of their aspirations fulfilled. At that meeting Latin America would, for the first time, speak with one voice and present a concerted position.

Mr. BUSTAMANTE (Ecuador), speaking on behalf of the delegations, thanked the Government and people of Chile for their welcome. He referred to the work accomplished by Mr. Raul Prebisch while he had been in charge of the secretariat, and said that a worthy successor had been found in the person of Mr. José Antonio Mayobre.

The time had now come to tackle the serious economic and social problems besetting Latin America, and to solve them without delay in a clear-sighted and resolute manner, if incalculable disasters were not to overtake mankind. Fortunately the peoples of the American hemisphere were fully aware of the danger; they had taken action to avert it in the

form of such plans as the Alliance for Progress, the fruit of the clear intellect of the late President Kennedy, and fully understood that the battle must be fought on all fronts. Every nation must take part in the fight, since basic changes would have to be made in the internal structure of the Latin American countries before external aid could be really effective. On the other hand, the firm resolve of those countries to rise out of their state of under-development was doomed to failure in the absence of international co-operation. Most of the Latin American countries, well aware of both those truths, had initiated structural reforms and established machinery to channel international assistance, a task in which the Latin American Institute for Economic and Social Planning was making a valuable contribution.

He stressed the vital importance of the United Nations Conference on Trade and Development for the future of Latin America, and stated that the Conference must provide a new policy governing the exchange of goods and services between nations, based on a full understanding that different treatment for countries at different stages of development was no more than justice required.

ELECTION OF OFFICERS

Mr. LISETTE (France) nominated Mr. Daza (Chile) as Chairman.

Mr. Daza (Chile) was elected Chairman by acclamation.

Mr. DAZA, taking the chair, expressed appreciation for his election.

Mr. FEIN (Kingdom of the Netherlands) nominated Mr. Ramos de Alencar (Brazil) as First Vice-Chairman.

Mr. Ramos de Alencar (Brazil) was elected First Vice-Chairman by acclamation.

Mr. ORELLANA (Mexico) nominated Mr. Lemos (Colombia) as Second Vice-Chairman.

Mr. Lemos (Colombia) was elected Second Vice-Chairman by acclamation.

Mr. IBARRA (El Salvador) nominated Mr. Ramirez (Honduras) as Rapporteur.

Mr. Ramirez was elected Rapporteur by acclamation.

ADOPTION OF THE AGENDA

The CHAIRMAN submitted the provisional agenda (E/CN.12/AG.57/1/Rev.1) for consideration.

The provisional agenda was adopted without amendment.

PROGRESS REPORT BY THE SECRETARIAT

Mr. MAYOBRE (Executive Secretary of the Commission) said that for him it was an epoch-making event to address the Committee of the Whole of the Economic Commission for Latin America for the first time since he had taken over the responsibilities formerly shouldered by one who needed no praise, since his name was already enshrined in the history of Latin America: Raúl Prebisch.

Since the tenth session a new independent country, Trinidad and Tobago, had joined the Commission, Jamaica having done so previously, in April 1963. Most unfortunately, it had been materially impossible for the representatives of those new States Members to attend the session.

Tradition decreed that the progress report should begin with an analysis of Latin America's situation since the preceding session. As all the delegations knew, in recent years economic conditions in Latin America had undergone a steady process of deterioration, characterized by low rates of growth of the product and of national income and a negligible increment in per capita income - less than 1 per cent in 1962; serious inflationary trends in some of the leading countries of the region; and a weakening of Latin America's terms of trade. To judge from the few data available, the year 1963 could not be said to have brought any substantial improvement. In general terms, the growth rate of the product during the year just ended had been only 3 per cent, as against a rate of population growth of 2.8 per cent. Accordingly, it would seem that the difficulties which had characterized the over-all picture of the Latin American economy in the past few years were still persisting.

Circumstances varied from one country to another. The over-all trends noted were strongly influenced by the falling-off in Brazil's rate of development and the stagnation observable for some time past in Argentina. Although in some of the other countries of the region the rate of income growth reached 4 or 5 per cent, it was essential to recognize that in the year 1963 the Latin American countries still had a long way to go before they could attain the targets established in the United Nations Development Decade programme, or those regarded as desiderata at the Punta del Este meeting.

Foreign trade conditions constituted the foundations of the Latin American countries' economic growth, and it had been manifest in recent years that the region's share in international trade had been dwindling and the prices of its products had decreased. Although in 1962-63 the situation with respect to certain commodities (sugar, cacao, wool, lead and zinc, and, more recently, coffee) had shown signs of improvement that gave grounds for a slightly more optimistic outlook, and prices of copper, tin, bananas and petroleum had ceased to decline, those of cotton and oil seeds had fallen. The rise in the prices of most of the region's export lines were perhaps an indication that the downward trend had come to a halt, and that conditions more favourable to Latin America might be expected in 1964. Another promising feature was the upward movement in the terms of trade in 1963, which might be assessed at a figure between 2 and 3 per cent, and had been restored to approximately their 1960 level.

/From the

From the standpoint of the export quantum, the figures for the first nine months of 1963 (with the exclusion of Cuba, for want of data) revealed that the value of exports had increased from 8,600 to 9,100 million dollars, i.e. by 500 million dollars. While not inclined to take an over-optimistic view, ECLA believed that if such a trend were maintained for any length of time, and were accompanied by progress in Latin America's economic planning efforts and the introduction of the necessary structural reforms, the year 1964 might mark a modification of the negative trend that had characterized the region in recent years. Such was the economic situation of the continent, in highly provisional, brief and superficial outline, as far as it could be evaluated from the data available at the time of speaking.

The Executive Secretary next indicated the main aspects and orientations of ECLA's activities since the previous session held at Mar del Plata, and presented to the delegations the Draft Annual Report of the Commission to the Economic and Social Council (E/CN.12/AC.57/2), containing a detailed account of the progress of the work of each of the divisions and regional offices of the Commission.

The activities of most importance had been those relating to the United Nations Conference on Trade and Development. The Conference in question was of vital significance for the under-developed countries, and from the very outset the United Nations agencies had adopted a concerted position in discussing world trade problems. What had been seen in Latin America was also observable in other under-developed areas like those of Asia and Africa. The fall in the prices of basic commodities was universal, and the rate of growth had been seriously affected by the trade situation in recent years. It was precisely the under-developed countries that at the General Assembly had insisted on the need to tackle the foreign trade problem, in the light of changed conditions, and to negotiate trade policies which would reduce the disparities between income levels in the developing and in the industrialized countries. The Conference had gradually taken shape, and even the countries that had formerly been sceptical as to its results were preparing to take part in the discussions.

The under-developed countries had decided to analyse the nature of the existing conditions and to determine what claims they should prefer in order to prevent a widening of the gap between the countries with low and high income levels - a gap that constituted a threat to the future of mankind. It had been incumbent upon the Commission to contribute to Latin America's growing awareness of trade problems, and the secretariat had devoted a major share of its activities to preparations for the Meeting of Latin American Government Experts on Trade Policy. The results of the Meeting had been highly satisfactory, since, as the Chairman had put it, for the first time Latin America had adopted a concerted position, or presented a united front, vis-a-vis trade and development problems. In connexion with another agenda item express reference would be made to the document prepared.

Although ECLA had spent a great deal of effort on its work for the Meeting, it had not on that account abandoned its analyses and research relating to over-all economic development, industry, social problems, transport, and so forth. The activities of each of the Divisions of the ECLA secretariat had proceeded at a normal and increasing tempo.

Co-operation with the Latin American Institute for Economic and Social Planning had been mainly concentrated in the following three fields: (a) advisory assistance to Governments in relation to the programming of economic development; (b) research designed to improve knowledge of economic conditions in Latin America; and (c) the training of economists.

Where relations with other agencies were concerned, there had been a move to increase the exchange of views, co-operation and co-ordination of activities with Headquarters, with the regional commissions and with the specialized agencies. At the moment more than thirty technical assistance experts were co-operating with the Commission in the fields of trade policy, community development, statistics, housing, etc., and more than fifteen were working in institutions with which ECLA had links, such as the Latin American Demographic Centre (CELADE), the Advanced School of Public Administration for Central America (ESAPAC) and the Regional Fundamental Education Centre for Latin America (CREPAL). In recent months, collaboration with the regional commissions for Asia and the Far East and for Africa had been intensified, and there had been an exchange of views on the fundamental position to be adopted by the under-developed countries at the Conference on Trade and Development. With the Food and Agriculture Organization of the United Nations (FAO), the customary generous spirit of co-operation had been maintained, through the Regional Office and the Joint ECLA/FAO Agricultural Division, in all matters relating to the problems of Latin American agriculture. The same was true of the other specialized agencies, including the International Labour Organisation (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Meteorological Organization (WMO). With regard to relations between ECLA and the inter-American agencies, the Executive Secretary mentioned that under the terms of a resolution adopted by the Inter-American Economic and Social Council (IA-ECOSOC), the Commission had been incorporated in the Inter-American Committee on the Alliance for Progress (ICAP), and would spare no effort in contributing to the success of the programme in question. ECLA had joined with the Organization of American States (OAS) and the Inter-American Development Bank (IDB) to form the Tripartite Committee, which was concerned with a variety of topics, such as taxation, development, advisory groups on planning, and technological research. Apart from the activities of the Committee itself, close co-operation was maintained with the same agencies in joint programmes aimed at the more rational utilization of resources.

ECLA had also forged closer ties with the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD).

/The Executive

The Executive Secretary drew attention to three main aspects of the future programme of work.

In the first place, the secretariat would follow with close and careful attention the results of the Conference on Trade and Development, so that their positive aspects might be turned to really useful account in Latin America. Not everything depended upon the industrialized countries, but a great deal upon the Latin American countries themselves, which would have to do everything in their power to take due advantage of the terms obtained for exports and the possible expansion of markets. In that context, he recalled that the Meeting at Brasilia had recommended that the ECLA Trade Committee should be convened after the Geneva Conference in order to agree upon the line of action that Latin America should pursue.

The focal point of ECLA's activity would be regional integration, since even if foreign trade conditions were improved, the economic development of Latin America would be cramped if economic integration were not achieved, and growth were still conditioned by the small dimensions of domestic markets. Even in the countries whose geographical area was larger and whose population more numerous, full utilization of resources and exploitation of economies of scale in order to build up industries that could compete on the world market would be possible only on the basis of an integration process that combined the markets of the various individual republics. In the more advanced of the Latin American countries import substitution possibilities were nearly exhausted, and in others there was a risk that anti-economic industries might be established. On a small geographical scale, Central America was setting an example to the continent, for in ten years it had succeeded in forming the true common market, and progress was being made towards the creation of a common currency.

In that respect, Latin America was still lagging behind, and ECLA should make a study of the instruments that might accelerate the integration process. The Latin American Free-Trade Association (ALALC) constituted a great stride forward, but it was no longer enough. One of the basic integration factors might be specialization in those dynamic basic industries which required a large market and which in Latin America existed only in their incipient stages, or not at all. Cases in point were steel making, the heavy chemical and metal-transforming industries, processing of non-ferrous metals, and so forth. The Industrial Development Division was planning all its work with an eye to the Latin American common market, and the secretariat hoped that the next session of the Commission, in 1965, would concern itself with the industrial integration of Latin America, and would afford an opportunity for removing the basic obstacle that had so far existed, namely, ignorance of the possibilities of such integration.

A novelty in the coming year's programme of work would be the resumed publication of the Economic Survey of Latin America. OAS had accepted the

reasons given by ECLA for amending the agreement to co-operate in the joint preparation of the Survey, as it was in fact ECLA's annual message to Latin America.

The Executive Secretary said that the new United Nations Building would be completed by the end of 1965, since the General Assembly had made a budgetary appropriation to cover excess costs. He thanked the Ad Hoc Gift Committee, formed by representatives of Brazil, Chile and Costa Rica, for its co-operation.

Lastly, the Executive Secretary expressed his gratitude to the Government and the people of Chile for the unfailing support they had given to the activities of the Commission.

The meeting rose at 11.55 a.m.