



ECONOMIC
AND
SOCIAL COUNCIL



GENERAL
E/CN.12/AC.50/SR.2
14 February 1962

ENGLISH
ORIGINAL: SPANISH/
ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA
COMMITTEE OF THE WHOLE
Eighth Session

PROVISIONAL SUMMARY RECORD OF THE SECOND MEETING

Held at ECLA Headquarters, Santiago, Chile,
on Wednesday, 14 February 1962, at 11.20 a.m.

CONTENTS:

- Election of officers
- Adoption of the agenda (E/CN.12/AC.50/1)
- Statement by the Executive Secretary
- Statement by the representative of Canada

PRESENT:

Chairman:	Mr. ESCOBAR CERDA	(Chile)
Rapporteur:	Mr. ROCHA	Colombia
Members:	Mr. SOLARI	Argentina
	Mr. GALARZA	Bolivia
	Mr. RAMOS DE ALENCAR	Brazil
	Mr. TREMBLAY	Canada
	Mr. DIAZ CONTRERAS	Chile
	Mr. BOLAÑOS	Costa Rica
	Mr. MARTINEZ MORAZA	Dominican Republic
	Mr. BORRERO	Ecuador
	Mr. FALOMO	El Salvador
	Mr. LISETTE	France
	Mr. ALVAREZ	Guatemala
	Mr. FARREAU	Haiti
	Mr. ORTIZ	Mexico
	Mr. RADHAKISHUN	Netherlands
	Mr. LUNA	Nicaragua
	Mr. COUCHONNAL	Paraguay
	Mr. BAKULA	Peru
	Mr. SCOTT FOX	United Kingdom of Great Britain and Northern Ireland
	Mr. COLE	United States of America
	Mr. VASQUEZ	Uruguay
	Mr. LARRAZABAL	Venezuela

/Representatives of

Representatives of States Members
of the United Nations, not members
of the Commission, attending in a
consultative capacity:

Mr. BRUENNER	Austria
Mr. MERAN	Hungary
Mr. CUNEO	Italy
Mr. ANDO	Japan
Mr. PAN DE SORALUCE	Spain
Mr. ALEXEEV	Union of Soviet Socialist Republics

Representatives of States not
Members of the United Nations,
attending in a consultative capacity:

Mr. MEMES	Federal Republic of Germany
Mr. STINER	Switzerland

Representatives of specialized
agencies:

Mr. H. SANTA CRUZ	Food and Agriculture Organization of the United Nations (FAO)
Mr. VERA	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Mr. BLOOMFIELD	World Health Organization (WHO)
Mr. MARTINEZ	World Meteorological Organization (WMO)

Representatives of inter-
Governmental organizations:

Mr. DA SILVA	Organization of American States (OAS)
Mr. DEL PINO	Inter-Governmental Committee for European Migration (ICEM)

/Secretariat:

Secretariat:

Mr. PREBISCH

Mr. SWENSON

Mr. A. SANTA CRUZ

Mr. VALDES

Mr. ECHECOYEN

Executive Secretary

Deputy Executive Secretary

Assistant Executive Secretary

Secretary of the Commission

Technical Assistance Board (TAB)

/The Acting

The Acting Chairman, Mr. Escobar Cerda withdrew, and Mr. Prebisch took the Chair.

ELECTION OF OFFICERS

Mr. RADHAKISHUN (Netherlands) proposed Mr. Luis Escobar Cerda, Minister for Economic Affairs of Chile, as Chairman.

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

Mr. ESCOBAR CERDA (Chile) took the chair and, in thanking the delegations for his nomination both personally and on behalf of the Government of Chile, expressed his pleasure that the Commission should once again be meeting at Santiago and wished the session every success.

Mr. VASQUEZ (Uruguay) proposed Mr. Ortiz (Mexico) as first Vice-Chairman.

Mr. Ortiz (Mexico) was elected first Vice-Chairman by acclamation.

Mr. ORTIZ (Mexico) proposed Mr. Tremblay (Canada) as second Vice-Chairman.

Mr. Tremblay (Canada) was elected second Vice-Chairman by acclamation.

Mr. FARREAU (Haiti) proposed Mr. Rocha (Colombia) as Rapporteur.

Mr. Rocha (Colombia) was elected Rapporteur by acclamation.

ADOPTION OF AGENDA (E/CN.12/AC.50/1)

Mr. SOLARI (Argentina) proposed that consideration of item 5 of the provisional agenda be deferred and that it should become item 7.

The agenda, as thus amended was adopted.

STATEMENT BY THE EXECUTIVE SECRETARY

Mr. PREBISCH (Executive Secretary) thanked the Minister for Foreign Affairs for his kind references to the work of the secretariat, and mentioned the effective support given by the Government of Chile to the endeavour of the Special Fund to create an Institute for Economic and Social Planning under the aegis of ECLA.

/He extended

He extended a welcome to Canada as a new member of the Commission, and to Switzerland which, by virtue of a resolution of the Economic and Social Council would attend the Commission's meetings as an observer.

With respect to the work of the Commission, he considered that the three most important events of the year were the creation of the Institute for Economic and Social Planning, the decision of the General Assembly to decentralize technical assistance activities, and the collaboration requested of the secretariat in the execution of the programme of the Alliance for Progress.

He explained that the functions of the Institute - the training of economists and assistance to Governments in planning - were not in any sense innovations since ECLA had for a long time been undertaking such activities, although in a somewhat haphazard way because of its limited resources. In order to pursue those functions, the secretariat, much against its will, had been forced to circumscribe or abandon very important tasks. During its early years, from 1948 onwards, ECLA had thrown itself enthusiastically into the task of investigating the situation in Latin America and interpreting the economic and social phenomena there. It was thus able at an early date to draw attention to the influence of the terms of trade on the growth and vulnerability of the Latin American economies, to the need for industrialization in the region and to the desirability of planning since it realized that the free play of economic forces could not offer effective solutions to the problems of growth and social equilibrium. Theoretical research of that kind had had to be laid aside to a certain extent in order to comply with the requests for practical action from Governments, but it could be revived with the creation of the Institute.

From the beginning the ECLA secretariat had enjoyed great intellectual liberty and freedom of interprise-factors without which any organization was liable to fall a prey to torpor and bureaucracy. He hoped that the same tradition would be maintained in the new Institute.

ECLA could give a fresh impetus to such research and branch out into other activities. It should contribute with new studies to the progressive development of the Latin American common market, particularly as regards industry, agriculture and agricultural specialization. The Economic Development Division could resume its systematic research and embark upon new fields of study, such as that of transport which was virtually unexplored by ECLA, and the definition of a monetary and fiscal policy compatible with development requirements.

The creation of the Institute did not mean that a clear line of demarcation would be drawn between research, which would still be the Commission's responsibility, and practical work on planning, which would be in the hands of the Institute. Such a division had a methodological value but should not be extended to the staff of the two bodies. If the economists had to choose between either pure research or pragmatic activities they would run the risk of becoming enmeshed in abstractions that were increasingly removed from reality or of becoming mere empiricists. It was therefore indispensable for the ECLA secretariat and the Institute to be closely associated.

The Note by the Executive Secretary (E/CN.12/AC.50/7), gave an outline of the bases on which the Institute was to be established. The Note was prepared after the Council of the Special Fund had agreed in January to the creation of the Institute and had promised to supply a large part of the funds required during the next five years. The Fund had asked the secretariat to suggest to the Governments the way in which the Institute might be directed and administered. The proposals envisaged a Council of Directors composed of six persons chosen by the Economic Commission for Latin America from among the Latin American Governments members of ECLA, and three representing international organizations and the Director of the Institute.

A representative of the Inter-American Development Bank was included because the Bank was most anxious that the Latin American countries should present their projects within the framework of the development

programmes, a concern which coincided with the basic recommendation of the Alliance for Progress. The Bank was empowered to provide direct advisory services, but, in order not to disperse its energies, it had decided to lend its wholehearted support to the Institute. Realizing the lack of economists in Latin America, it had promised to finance fellowships for the Institute, in addition to its contribution of a million dollars.

The Organization of American States was in the same position. It was to become the pivot of the Alliance for Progress and was deeply interested both in the process of planning and in the evaluation of the economic development plans presented by Governments. In addition, it had offered financial co-operation to defray the cost of fellowships in different specialties and for the subsequent training of staff for the Institute.

With regard to ECLA, it would be inappropriate for him to dwell upon its qualifications for participating in the Council of Directors, but he wished to point out that it formed part of the United Nations secretariat in the same way as the Special Fund, which would be supplying most of the funds for the Institute as well as additional resources to be furnished to Governments in connexion with their specific requests to the Institute for assistance.

The inclusion of representatives of OAS, the Development Bank and ECLA would consolidate the policy of joint work which was initiated with the creation of the Tripartite Committee.

Stressing the importance of the OAS/ECLA/IBD Tripartite Committee, which would enable resources to be pooled for the undertaking of joint activities, he said that the Commission was fully aware how important it was and had welcomed that method of carrying out effective long-term plans.

Since the Institute was to be largely financed by the United Nations, the Director General would be appointed by the Secretary-General of that organization in consultation with Governments, and would have the rank of Under-Secretary. The Institute would be a

United Nations organ, under the auspices of ECLA, and would have the same autonomy as the Special Fund and UNICEF; according to the provisions of the Charter it was therefore incumbent upon the Secretary-General to choose its Director General.

There was, however, another solution implicit in the programme, namely, the project that in five year's time the Latin American Governments might take over the Institute, finance it and elect its Director. The door would remain open to that possibility; indeed, the Special Fund hoped that the Governments would assume responsibility for the Institute once it had proved its efficacy.

With regard to the General Assembly decision to decentralize technical assistance activities, those activities had perhaps been too highly centralized in the past because the regional commissions were still in their infancy. The first experiment in decentralization had failed because it did not go far enough and the regional secretariat in charge was not given the necessary resources to carry out its task efficiently.

The question was reconsidered by the General Assembly, and it was decided to decentralize most of the technical assistance activities and to give the regional commissions the means to fulfil their commitments satisfactorily. The ECLA offices in Santiago, Mexico and Brazil would therefore take a more active part in the preparation of the United Nations technical assistance programmes. As technical assistance was bound up with economic development requirements, ECLA was in a position to give useful advice. As the first stage in the new method of work, and on the initiative of the Executive Chairman of the Technical Assistance Board and the Managing Director of the Special Fund, a meeting was held at ECLA headquarters of the Technical Assistance Resident Representatives and members of the secretariat staff to decide upon ways and means of exchanging information and using the services of the Commission in the formulation of over-all technical assistance plans, including the contributions of the specialized agencies.

/Lastly, he

Lastly, he said that a request had been made for the collaboration of the ECLA secretariat, as an integral part of the Tripartite Committee, in the execution of the policy embodied in the Alliance for Progress and in the preparation of the documents submitted to the first Punta del Este conference. For a long time the secretariat had been convinced that it was essential for radical changes to be made in the economic and social structure of Latin America in order to speed up its growth and bring about a more equitable distribution of income, and that those objectives could be attained, not through the free play of economic forces but through conscious and deliberate action on the part of the State. Those aims and ideals were enshrined at Punta del Este in an epoch-making document that opened up new prospects and magnificent opportunities for effective action for the Latin American countries. Hence, the secretariat responded unhesitating and enthusiastically to the summons to collaborate. Furthermore, the fundamental change in the policy of international co-operation was seen to be something more than an official plan for allocating greater resources to the economic development of Latin America. The provision of those resources was not primarily intended for the opening of up new fields to private capital - laudable as such a purpose was - but was inspired by the need for a structural transformation of Latin America. The Charter of Punta del Este represented a higher concept of policy-making in that it was designed to expedite the incorporation into the region of the means whereby the other regions had achieved their great prosperity. It should not be forgotten that technological revolution in Latin America was expressed in terms of a dilemma: either the Latin American countries received international economic and technical assistance on an ample scale to enable them substantially to raise the rate of capital formation in order to absorb contemporary technology, or else drastic methods of capital formation would have to be undertaken that would sharply restrict consumption on the part of the masses. The Alliance for Progress signified the choice of a path that would involve less political and economic sacrifice than the other paths that might have

/have been

have been taken instead.

Mr. TREMBLAY (Canada) thanked the Chairman on behalf of the Canadian delegation for his kind reference to Canada's admission to the Commission. As the present meeting was the first in which his country had taken part since it became a member of the Commission he wished to take the opportunity of stressing the importance that Canada attached to its relations with the Latin American countries.

His delegation fully appreciated the great contribution that the Commission was making towards the improvement of economic and social conditions in the region. ECLA's work was of immediate concern to Canada, which was particularly interested in the plan to set up an Institute for Economic and Social Planning, it considered a serious planning effort to be essential for the effective use of the limited resources available for economic development.

He stressed the leading role in Latin America's economic expansion played by United Nations assistance and development programmes, to many of which Canada contributed substantially. His Government was especially interested in the Latin American Free-Trade Association and the Central American Economic Integration Programme, and appreciated the desire of the countries concerned to intensify trade possibilities in the interests of their respective economies. The need to increase trade with economies still at the expansion stage should be taken into account in any decision bearing on the matter. His Government hoped, however, that the countries in question would abide by the provisions of GATT relating to the establishment of free-trade areas and would not be unmindful of their ties with countries such as Canada that did not belong to the same groups. He pointed out that Canada's trade with the ALALC countries was substantial and that attractive long-term credit facilities had been offered to South American buyers.

The meeting rose at 12:30 p.m.