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REPORT OF THE SEVENTEENTH SESSION OF THE COMMITTEE OF
HIGH-LEVEL GOVERNMENT EXPERTS (CEGAN)

(La Paz, Bolivia, 5-7 March 1990)

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A. ORGANIZATION OF WORK

Place and date of the meeting

1. The seventeenth session of the Committee of High-Level Government Experts (CEGAN) was held in La Paz, Bolivia, from 5 to 7 March 1990. CEGAN, which was established by ECLAC resolution 310(XIV), is made up of the developing countries members of the Commission. Pursuant to the mandate entrusted to the Committee by resolution 419(PLEN.14) and 422(XIX), the sessions of the Commission are normally preceded by a meeting of CEGAN. The main objective of the seventeenth session of the Committee was to consider the changing of production patterns with social equity, in the context of Latin America and the Caribbean, as being the region's priority task in the 1990s and the most important item on the agenda of the twenty-third session of ECLAC to be held at Caracas from 3 to 11 May 1990. Another important item on its agenda was to consider the structure of the new international development strategy (IDS).

Attendance

2. The meeting was attended by representatives of the following member States of the Committee: Argentina, Bolivia, Brazil, Colombia, Chile, Cuba, Ecuador, Guatemala, Haiti, Jamaica, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela.

3. A representative of the Board of the Cartagena Agreement (JUNAC), an intergovernmental organization, also attended the meeting.

Election of Officers

4. At the first meeting, the participants elected the following Officers:

Chairman: Jaime Delgadillo (Bolivia)
First Vice-Chairman: Carlos Hurtado López (Mexico)
Second Vice-Chairman: María Inés Fernández (Argentina)
Third Vice-Chairman: Cordell Wilson (Jamaica)
Rapporteur: Tito Ordóñez Yaquian (Guatemala)

Agenda

5. The meeting adopted the following agenda:

1. Election of Officers
2. Adoption of the agenda
3. Reactivation of the economic and social development of the region: changing production patterns with social equity
4. Structure of international development strategy for the 1990s: some considerations from the standpoint of Latin America and the Caribbean
5. Adoption of the report.

Documentation

6. The secretariat submitted working documents with the following titles to the Committee: "Changing production patterns with social equity: The prime task of Latin American and Caribbean development in the 1990s" (LC/L.548) and "The international development strategy: Some considerations from the standpoint of Latin America and the Caribbean" (LC/L.535(CEG.17/3)).

Adoption of the report

7. The draft report of the meeting was submitted and adopted in accordance with normal practice.

Opening meeting

8. At the opening meeting, statements were made by the representative of Brazil, the Executive Secretary of ECLAC and the Minister for Planning and Co-ordination of Bolivia.

9. Mr. Pedro Scalisse, head of the delegation of Brazil, speaking on behalf of the delegations present, noted firstly that it was appropriate to hold the meeting in Bolivia, since that made it possible to appreciate at first hand the country's success in its struggle with inflation and its efforts to open up its economy.

10. He then referred to the historical role which ECLAC had played in using enormous creativity from its very beginnings in assuming the task of creating its own economic thinking adapted to the real situation in the region. The current situation of Latin America and the Caribbean made it more urgent than ever to renew that thinking within an international context which called for a form of incorporation based on scientific and technological renovation. Thinkers in the field of development were being challenged as to how to achieve changes in production patterns and how to bring those changes into harmony with a rise in the standards of living of the people of the region. As a new decade got under way, it was important for ECLAC to be able to propose new alternatives as to how to confront the problem of debt, how to achieve sustained development and how to tackle other important matters, in

particular the issue of the environment. He ended his statement by expressing his best wishes for the success of the session.

11. The Executive Secretary of ECLAC, Gert Rosenthal, began his opening statement by thanking the Government of Bolivia and its highest authorities for their support for the work of the Commission and their help in organizing the session.

12. He then focused his statement on the scope of CEGAN, from its inception as a forum for the developing countries members of the Commission to the present, during which time the mandates of the Governments had transformed it into an exclusively Latin American and Caribbean intergovernmental body with the authority to become involved in a wide range of topics relevant to regional development. Pursuant to its agenda, the present meeting would fulfill the two functions of CEGAN: on the one hand, it would deal with aspects of international co-operation, and on the other, it would present the secretariat's most recent thinking on how to respond to the development challenges of the new decade.

13. On the latter subject, it was not easy in today's world to offer precise answers to comprehensive questions on how to overcome the economic crisis, or how to approach the subject of development. The secretariat recognized that it had a long way to go in its quest for a comprehensive, universally valid position. That fact did not exempt it, however, from pronouncing itself on a series of topics on which contemporary debate was focused. The progress of the secretariat's thinking in that regard was set forth in the document entitled Changing production patterns with social equity. The ideas contained in it, which had been submitted for the consideration of governments, took as their point of departure the recognition that the economies of the region must currently adapt themselves to radically differing circumstances from those prevailing in past decades, and that there was an urgent need to modernize production systems to reverse the recessive trends of recent times and improve domestic productivity and international competitiveness. In view of current realities in the region, there was a need to give greater priority on the development agenda of the 1990s to the goal of equitable redistribution.

14. In connection with the ongoing global exercise in the United Nations preparatory to the adoption of a new international development strategy, the secretariat had prepared a note to serve as a guide on some of the specific topics being addressed by the General Assembly in that exercise.

15. Lastly, the secretariat hoped, through its position paper on changing production patterns with social equity, to stimulate an energizing, region-wide debate on economic development in the 1990s.

16. The Bolivian Minister for Planning and Co-ordination, Enrique García, after warmly welcoming the participants, said that his country was grateful to ECLAC in that the Commission's work had helped to lay the foundations for growth with stabilization, which had lasted for many years until the crisis of the 1980s.

17. The current session was taking place at an important time. After a lost decade in terms of development, fraught with serious problems, a great challenge and a decade of new hope were presenting themselves. The political democratization of the continent was a matter of both pride and responsibility.

18. The lessons learned from the past could be summarized in a number of points of considerable relevance to the region. Macroeconomic balances could not be ignored; they were a necessary but insufficient condition for development. As for the pricing system, although the best way to allocate resources was through supply and demand, the market by itself was imperfect, and there was a very important role to be played by a reinvigorated State. The debt, for its part, continued to represent a crucial constraint on development. Growth required competitiveness, which formed the basis for increased exports; it had to be achieved however, through technological change. Investment, a key element in growth, should be channelled largely through the private sector, in view of the erosion suffered by the public sector. The insufficiency of domestic saving made it necessary to attract external resources; however, current circumstances --lack of concessionary resources and the realities of the debt-- underlined the relevance of direct foreign investment, not only in terms of capital but also in the form of technological advancement.

19. In the current world situation, where new realities were arising such as the economic presence of the South-East Asian nations, advances in European integration and the changing situation of Eastern European countries, renewed interest had been shown in Latin American integration, which could prove to be a fundamental tool for an international political strategy. Country-level economic policies needed to allow for integrated, regional approaches.

20. He placed great emphasis on social equity in the quest for a qualitatively improved growth whose benefits would reach the mass of the population, at a time when political analysis revealed the existence of considerable fatigue at the grass roots as a result of the constant sacrifices required by adjustment processes. In that context, he stressed the importance of strengthening the processes of consensus-building as a means of dialogue, within the countries and also in their relations with other countries.

21. He was pleased that the meeting was being held in Bolivia; as a small country, it illustrated the effects of the 1980s and also the possibilities for recovery, in that it had brought inflation under control and reinitiated a process of economic growth.

Closing meeting

22. At the closing meeting, the representative of Venezuela, speaking on behalf of the delegations present, thanked the Bolivian Government for its hospitality and paid tribute to the Chairman for his judicious leadership of the debates. He also expressed his satisfaction to the secretariat for the excellent documentation presented, which had formed the basis for a productive discussion.

23. His Government had great hopes for the forthcoming session of the Commission, for which Venezuela would be the host country. On that occasion, there would be a resumption of the dialogue and reflection which served as an important guide to the Latin American and Caribbean countries in conducting their economic policy. The proposal for changing production patterns with social equity encouraged consensus among the countries, and constituted a concrete element on which to base a certain degree of optimism in confronting the oncoming decade.

24. The Executive Secretary of ECLAC said that he was very pleased with the results of the meeting, and expressed his satisfaction at the support provided by the Government of Bolivia. A new cycle of collective thinking was beginning, based on the lessons learned during the previous decade. Experience within and outside the region had signalled the possibility of a better way to move forward, and a type of development worthy of Latin America and the Caribbean.

25. For the secretariat, the meeting had been the first opportunity to consult Government experts on a proposal which distilled several years of institutional reflection and represented an excellent augury of success for the deliberations in Caracas.

26. The Chairman of the meeting drew attention to the relevance of the topics discussed and the contribution made by the secretariat and all the participants. The documentation presented should be studied even more thoroughly by the countries in preparation for the Caracas session. Wishing all the participants a safe return, he declared the seventeenth session of CEGAN closed.

B. SUMMARY OF THE DEBATES

Reactivation of the economic and social development of the region: changing production patterns with social equity (agenda item 3)

27. The representative of the secretariat raised a number of questions, the answers to which would be very useful to it in guiding the scope and organization of the work of the twenty-third session of ECLAC. The secretariat would be interested in learning what the delegations felt, in the first place, about the relevance and timeliness of initiating within ECLAC, and on that occasion, a series of reflections on how to provide impetus to the development of the countries of the region in the 1990s. The secretariat would then like an opinion concerning the extent to which the document Changing production patterns with social equity represented a contribution to such thinking. Finally, it would like to know the representatives' views on the best way of focusing the deliberations at the Caracas session and whether those discussions could be regarded as the beginning of a debate which could be extended to the countries of the region later on.

28. The representative of Cuba said that he disagreed with the presence at the meeting of a representative of a government illegally imposed on Panama by the Government of the United States of America. It was not his intention

to divert the attention of the present technical meeting towards a political debate; he had spoken, rather, because he considered it his ineluctable duty to his brothers, the people of Panama.

29. The Executive Secretary of ECLAC introduced the first three chapters of the document Changing production patterns with social equity, which he described as a call for attention to the regional situation, as a note of hope --since it originated in the observation of real experiences within and outside the region-- and as a series of guidelines and proposals unrelated to voluntarism and theoretical rigidity.

30. The core of the document was the proposal for promoting changes in production patterns by disseminating technological advances throughout the entire productive process and stressing the systemic nature of competitiveness. A macroeconomic policy was insufficient; it had to be complemented by sectoral policies and administrative and institutional changes. There was a role to be played by the State, therefore, in the interaction between public and private agents in their effort to build a strategic consensus. The introduction of the concept of social equity, which was inherent in the proposal, sought to prevent the obsession with productivity from going too far, and to make increases in productivity sustainable through time; in that respect, there was a need for redistributive social policies, because changes in production would produce long-term effects. Economic development was seen as part of the political process of democratic, pluralistic and participatory societies. Economic integration was considered, from a regional standpoint, as being functional to changing production patterns with social equity, in view of the current world context.

31. Rather than discussing the aspects relating to diagnostic assessment, which he felt were shared by most of the Governments of the region, he focused on the chapter dealing with the conditioning factors on which development depended. In the first place, the international environment was a severe constraint on regional development. He drew attention to the demise of the former world economic order and its replacement by the actions of the Group of Seven; the consolidation and expansion of new technologies and their effects on regional exports; the revolution in informatics; the internationalization of capital markets; and the countries' difficulties in implementing their policies. He also referred to the large blocs being formed at the international level. In that context, the commodity trade situation was becoming increasingly unfavourable as a way of sustaining development, especially in view of current protectionist trends. In the area of international finances, the predominance of the Group of Seven, on whose decisions the region had little influence, limited the margin of manoeuvre and pointed up the need for joint regional action. Moreover, the extensive transfer of resources abroad in payment of the external debt hampered development processes and change in the countries of the region.

32. A second determining factor in the effort to change production patterns had to do with macroeconomic balances. Correcting fiscal, external and production-related imbalances was a necessary but insufficient condition for such change. In that regard, public finances were of crucial importance.

33. Development financing was another fundamental element in changing production patterns. The lack of external financing was a considerable problem, in that it prevented the full use of available productive resources. Fiscal policy must be reformed to allow for an increase in public saving, and the potential for private saving should be explored, all of which would help raise investment levels.

34. Lastly, and just as important as the other conditioning factors, was the support provided by the social agents to the process of changing production patterns with social equity, and the need to reach consensus in that regard.

35. During the debates following the statements by the representatives of the secretariat, the delegations joined in expressing their positive assessment of the document Changing production patterns with social equity, and drew attention to the following aspects, in particular: a) the timeliness and relevance of the strategic criteria for changing production patterns with equity; b) the support and illustration of the proposals on the basis of real-life examples; c) the recognition of the heterogeneity of national situations, of the importance of incorporating and disseminating technological advances in order to enhance competitiveness, and of the relevance of perceiving the latter from a system-wide point of view; d) the effort to identify the policies and institutions needed in order to further the proposal, and the emphasis placed on strategic consensus-building between Governments and entrepreneurial sectors in the framework of participatory and pluralistic societies; and, lastly, e) the way in which the document presented the prospects and potential for integration and regional co-operation and their contribution to changing production patterns with social equity.

36. The representative of Bolivia said that the document contained many elements which reflected his country's recent economic experience. It could be further specified, with regard to diagnostic assessment, that the lack of capital accumulation, the debilitation of the previous development model and external factors such as the debt crisis and deterioration of the terms of trade had brought on, in the 1980s, the worst economic crisis in Bolivia's republican history.

37. In the face of the country's macroeconomic imbalances --as reflected in an inflation rate of 23 500% in September 1985-- it had become necessary to review and change its economic policies and development model. Consequently, in the latter half of the decade, an economic programme of stabilization and structural adjustment had been implemented, consisting primarily of better use of market signals to improve the allocation of resources, pragmatic economic policy instruments and profound institutional changes for purposes of redefining the role of the various economic agents and changing the production structure.

38. The adoption of adjustment policies had affected both the labour market and public social spending. Initially, as the country emerged from a period of hyperinflation, the creation of jobs had become less dynamic, workers' wages had fallen and public social spending had declined.

39. Stability was a necessary condition for promoting growth, and growth in turn was essential to the adoption of a redistributive policy. Such a chain of economic events was not free of stumbling blocks. The problem was further complicated where the need to grow was compounded by having to mitigate the social effects of adjustment.

40. The present Government's objective was to achieve economic growth in the framework of price stability, and also to further the use of mechanisms that would bring about greater social equity. At the same time, the Government was endeavouring to carry out structural reforms, including, in particular, rationalization and modernization of the public sector. The Government was also giving priority to the tradable goods sector, seeking a new way of integrating the economy into the international market.

41. Lastly, it was important to note that the success of the programme was closely related to how far democratic processes had matured, as reflected in the political consensus that had been reached in recent years. The various political forces had given priority to national objectives, both economic and social, over purely ideological considerations. His present statement on the Bolivian experience was a ratification of the approaches set forth by the secretariat in the document under consideration.

42. The representative of Venezuela said that, in his view, the document would serve as an excellent basis for discussion. The choice of subject matter --changing patterns of production with social equity-- was very timely, in that change was essential in order for Latin America to become integrated into the processes of change at the international level; however, if changes in production patterns were not accompanied by the achievement of social goals, they hampered the success of those changes and therefore represented a good reason for countries to be concerned.

43. For changes to be made in the production structure, an order of priority of objectives would have to be established: firstly, the financing of balance-of-payments deficits; secondly, the correction of inflationary imbalances; and thirdly, the resumption of the path to development. In that regard, lessons could be learned from the Venezuelan experience, where changes in its order of priorities had produced unsatisfactory results. He drew attention to the importance of the secretariat's comments on fiscal balance, and cited as an illustrative example the diverse effects of the substantial devaluations in 1984, 1987 and 1989 in his country, where inflation had depended largely on the degree of balance or imbalance of fiscal accounts.

44. His country was also concerned about the effects of the order of priority on the living standards of the poorest sectors. Indeed, Venezuela, in an effort to rehabilitate its economy, had experienced a deterioration in its social indicators. In order to mitigate those effects, it had decided to change from a system of indirect subsidies to one of direct subsidies, and had run into short-term problems, since direct subsidies were more difficult to implement.

45. With regard to resources for financing development, the figures presented by the secretariat indicated that, unless domestic efforts were made, it would be impossible to recover the growth rate. The figures were thought-provoking and pointed up the pressing need for the region to assume its responsibility in the process of changing production patterns with social equity.

46. The representative of Mexico first expressed his approval of the approach and strategic view taken by the secretariat in the document. He drew special attention to the use of the "boxes" in describing concrete experiences.

47. It was appropriate to stress, as the document had done, the debt-trade-protectionism relationship and its impact on investment and on efforts to change production patterns. Accordingly, he suggested that the opening of domestic markets might be linked to the obtaining of easier access to external markets.

48. With regard to the future work of the secretariat, it would be appropriate to continue carrying out specific studies that would illustrate the comprehensive proposal for changing production patterns with social equity. The subregional offices of ECLAC might help conduct those studies, so as to capture more fully the variety of national situations.

49. He fully agreed with the systemic view of competitiveness, both in terms of its implications within the countries and in terms of regional co-operation.

50. Lastly, he pointed out the decisive importance of strategic consensus-building as an institutional approach to implementing the proposal, and announced that his country would undertake to disseminate the document widely.

51. The representative of Guatemala noted that the document gave appropriate coverage to the constraints facing the countries of the region. The challenge lay not only in describing the desired macroeconomic balances and the external situation that would have to be dealt with, but also, and especially, in specifying how the existing conditions were to be overcome.

52. Regarding the approach taken in the debates, the representative of Cuba reminded the Committee that some challenges of importance to the region were to arise in the near future and noted that at the United Nations the General Assembly would soon meet in a special session in which it was hoped to relaunch North-South negotiations. During the year, the new international development strategy would also be adopted. In that connection, he said that in his view a regional position should be prepared and agreed upon at the current meeting of CEGAN for the forthcoming session of the Commission.

53. In the second statement made by the delegation of Bolivia, the representative of that country reaffirmed the points made in the first intervention with regard to the document on changing production patterns and social equity and noted the need for the text to emphasize that since adjustment and social equity were not simultaneously compatible objectives in

the short term, adjustment policies had to make provisions for compensating the less privileged sectors. As an example in that respect he mentioned the establishment of the Emergency Social Welfare Fund in Bolivia.

54. The representative of Ecuador said that the focus of the document submitted by the secretariat made it possible to adopt a new approach to the study of economic development in the medium and long term. He fully agreed with the position taken in which emphasis was laid on the fact that the old development model had outlived its usefulness and the loss of dynamism of the economies of Latin America was attributed to adverse conditions at the international level and to the results of the adjustment policies applied. As for Ecuador, he noted that the rates of unemployment had risen and that in general the social conditions of the people had deteriorated, critical poverty had increased and real wages had experienced a substantial drop.

55. His delegation felt that strategic guidelines should remain viable longer than the transitory life span of governments and should redefine economic and social development in the region. In that connection he listed a number of specific strategies for the future, drawing attention in particular to the need to redefine the role of the State and the function of planning; the importance of regional development; the significance of adjustment which allowed for reactivation and took a human approach and the need to make allowance for the social debt, to combat inflation, to restructure the basic production patterns, to promote technological development and to strengthen participatory democracy.

56. The representative of Uruguay said her delegation thought it would be appropriate to adopt the underlying concept of the document submitted by the secretariat and noted that unless the goal of changing production patterns with social equity was achieved, the consequences for the region could be catastrophic. The concerns already voiced by the new Government of Uruguay touched on many of the issues raised by the secretariat, especially those relating to the satisfaction of vital needs, education, the use of appropriate technology, the spread of information to the general population, the defence of the environment and similar areas. A number of the priorities and concerns expressed by the new Government were reflected in the documentation presented by the secretariat, in particular on the external debt, net transfer of resources, development resources, liberalization of trade, environmental issues and science and technology. The region was embarking on the decade of the 1990s with democracy as its common denominator, but that democracy needed to be brought into harmony with growth. Even with its economic problems, Latin America must be firm in making its voice heard by the international community.

57. The representative of Argentina said development problems were acquiring particular significance because of the growing awareness of world interdependence at all levels and especially in the economic sphere. That made it imperative to insist on co-operation for development of a kind which would benefit the entire international community. All countries had a right to participate in the process and the duty to contribute to a fuller form of development. In an interdependent system, those countries which were better able to take a leadership role because of their political power and economic

potential should adopt that role and use their greater influence to contribute to the well-being and development of all countries.

58. ECLAC had played a historical role as a generator of ideas for the development and integration of the region. The Government of Argentina would hope that ECLAC might resume its mission as a moulder of thinking while adapting its ideas to the new situation currently taking shape in the international system.

59. She thought it would be desirable to include some of the experiences of the countries of the region in the document submitted by the secretariat with a view to enriching its contents. She also recommended that emphasis should be laid on the importance of technological change, which would in all probability affect economic and commercial relations in the decades to come.

60. After noting the value of the meeting as an opportunity to move ahead in its thinking on common problems, the representative of Haiti said he agreed in general with the direction and contents of the document under consideration and with the views expressed by the delegation of Bolivia in that connection.

61. He stressed the importance of assessing the implications of the proposal concerning the absorption and adaptation of technology and the need to obtain additional financial resources, and ended his statement by calling attention to the significance of concerted action at both national and regional levels in putting into practice the proposal for changing production patterns with social equity.

62. The representative of Peru opened his statement by reporting that after a detailed examination of the secretariat document by various governmental agencies of his country, it had been decided that the document was one that could well be applied to the region, and that coincided with certain points of interest to his country, chief among which were a) the identification of external factors which affected the proposal and b) the stress laid on the painful lessons learned from the process of recovering macroeconomic equilibria in the 1980s.

63. He also noted that the document contained a number of shortcomings, and in that connection mentioned that the attempt to include a large number of factors in the analysis might lead to some contradictions. As an example, the document emphasized the importance of the achievement of industrialization with a high technological content while at the same time stressing the intention of bringing about growth in employment.

64. Secondly, he considered it important to touch on the question of the role which Latin America should adopt in the new international economic scenario, especially with regard to the comparative advantages it might be able to obtain. Finally, he said it was not enough to formulate proposals in the document with respect to the developed countries, and asked to what extent the détente in East-West relations would be reflected in a change in North-South relations.

65. Finally, he said he agreed with the representative of Cuba concerning the need for shared views to emerge from the meeting now under way in respect of Latin American positions concerning the external conditioning factors in changing production patterns, and turning those views into proposals made by the region to the rest of the international economic community.

66. In introducing chapters IV and V of the document on changing production patterns with social equity, the representative of the secretariat called attention first to the fact that the proposal contained in those chapters was based on an analysis of the situation in Latin America and that that situation was contrasted with successful experiments with late industrialization in other regions, incorporating lessons drawn from the developed countries and taking into account both promising and threatening trends in the international economy.

67. He then went on to describe the background of the proposal, laying emphasis on the inadequacies of the results obtained by the region in the past with regard to making growth converge with social equity. In that connection, he identified the special characteristics of Latin American development and stressed the link between technological progress and international competitiveness, the systemic nature of the latter and the ineluctable need to deal with the lags in the area of equity.

68. With regard to the specific objectives of the proposed changes in production patterns, he drew attention to the need to increase international competitiveness, production linkages and strategic consensus-building between governments and entrepreneurial sectors. In respect of each of those objectives, he described the various attempts to reach them which had prevailed in the region in recent decades and most especially during the 1980s.

69. He then identified the components of some basic policies aimed at supporting international competitiveness (in the realms of commerce, technology, human resources and establishment of enterprises), promoting production linkages (sectoral policies in industry, agriculture, natural resources, infrastructure, support services and finances) and facilitating strategic consensus-building between the public and private sectors (general principles, areas of public action, public enterprises, small and medium-sized businesses and the social sector).

70. In the course of the statement, mention was made of the various regional experiences which pointed up the credibility and potential of the arguments raised and of the ideas advanced in respect of strategic criteria, policies and institutions.

71. The representative of Bolivia said he felt the need to consider the question of the production and marketing of coca and its derivatives, which bore a very close relationship to the economic, social and ecological life of some countries. In the case of Bolivia, and also in other countries of the region which were involved in coca-related activity, the magnitude of the economic and financial flows generated by the coca trade had been responsible for the fact that any macroeconomic analysis which did not include those flows provided only a partial and incomplete picture of the way

in which their economy operated. The short-term effects were reflected in employment, income, exports, imports, exchange rate, availability of foreign currency and the structure and level of prices. If those effects persisted in the long term, structural changes tended to occur in the economy.

72. If it were true that changing production patterns with equity made it necessary, among other things, to achieve competitiveness as part of a new approach to incorporation in the international context, an indispensable requirement for Bolivia would be to diversify its production apparatus, replacing that part of its economy which was based on coca by an alternative form of economic development designed to achieve those objectives.

73. The coca issue also called for an effort on the part of the international community at various levels, particularly in so far as its struggle against drug trafficking was concerned. He therefore proposed that the international community should participate actively in efforts to deal with the problem at a global level and should contribute to the financial support required in order to find substitutes for the economy based on coca and its derivatives. He also asked ECLAC to deal with the coca issue in the same way as it was being tackled in other international bodies.

74. The representative of Jamaica called the document submitted by the secretariat a useful instrument, which would help governments design their national strategies. She enumerated some of the main features of the economy of her country and the problems it faced, mentioning in particular the burden of servicing its external debt and the deterioration of social services.

75. She said she was in complete agreement with the general approach taken by the document and drew attention to two of the points raised in it, which she regarded as being particularly important for her country --the development of the human resources needed for a process of changing production patterns, and the transfer of technology, which was vital for competing in international markets. With regard to the latter point, she expressed her delegation's interest in schemes for sharing experiences with other countries of the region, such as Brazil. The secretariat could play an important role in such schemes by supporting co-operation among the countries in the region.

76. After noting the important role played by investment and by policies for stimulating saving and co-operation between the public and the private sectors, she mentioned, lastly, the significance of the problem of drugs in the Jamaican economy and the need to find an alternative economic activity to replace the cultivation of illegal crops in Jamaica.

77. The representative of Peru supported Bolivia's proposal that the subject of drug trafficking, which was becoming a way of "informally financing" the various Latin American economies, should be included in the discussion. The problem affected vast sectors of the general public and was related to aspects of social equity. It was also an important factor in current international relations, and should form part of the Latin American strategy, both in the dialogue within the hemisphere and in relations with the rest of the international community.

78. The representative of Ecuador said that the proposal should be included in the framework of a global strategy, in the sense of providing a definition of international relations capable of changing the way in which Latin America currently participated in the international market. At the domestic level, production patterns should be changed in relation to, and at the same time as, the redistribution of income and the generation of employment, while efforts were being made to carry out basic reforms in the monetary, financial, fiscal and administrative fields. It was essential to link changes in production patterns with social equity in order to ensure and expand domestic demand.

79. There was a need to evaluate the real and potential possibilities for implementing the proposal, taking into account the domestic features of each economy. Moreover, domestic markets should be analysed to find out the extent of real domestic demand as well as unsatisfied demand. In the case of Ecuador, the expansion of the domestic market was extremely important. Such an analysis would also make it possible to discover opportunities for new forms of production for the poorest sectors of the population. As for the external market, at the level of competitiveness based on greater yield and changes in production patterns, new potential areas for Latin American participation must be considered. He also referred to the part played in that respect by a sustained, real integration among the smaller economies

80. In his second intervention the representative of Mexico again stressed the importance his delegation attached to the document under consideration and noted that in various forums his country was planning to call attention to the need to disseminate it and to design a strategy for negotiating the proposal it contained at international level. He regarded it as a realistic document, whose contents constituted a future agenda for activities at the governmental level and within ECLAC itself. During the next few years, ECLAC would be called upon to expand the various components of the proposal and to continue providing governments with information with regard to the co-operation needed in order to implement the different policies which corresponded to it. It would also have to seek further concrete examples (here he referred in particular to specialized activities within individual countries, such as tourism and subcontracting and their relationship to changing production patterns), adopt a pragmatic approach in promoting projects consistent with the proposal, point out ways in which the private sector could participate in infrastructure works and social services and study the opportunities for and limitations of direct foreign investment in contributing to the transformation process.

81. The representative of Chile said that in a few days a democratically elected Government would assume power in his country. Accordingly, the document would be submitted to the new authorities for study, with a view to the forthcoming Caracas meeting. In any case, the main ideas contained in the document were, in principle, in line with the views of the President-elect of Chile, who had expressed his desire to maintain the existing macroeconomic balances in the country --which had been achieved through great sacrifices by the Chilean people-- while at the same time making them compatible with the necessary social justice.

82. The representative of Brazil said that since his country's Government was soon to change, he was not in a position to give a definitive opinion concerning the document under consideration but that an opinion would in all likelihood be expressed at the forthcoming session of ECLAC to be held at Caracas. In the meantime, he stressed that the ideas contained in the document met definite needs experienced by the countries of the region and constituted answers to concerns expressed by both the present and future authorities of Brazil.

83. Brazil would be striving to improve upon its incorporation in the world economy while at the same time bringing an increasingly large proportion of its own people into its domestic market. The new authorities had said they would respect the rules of the market, reduce the distortions caused by the excessive presence of the State in the economy and re-establish the growth of the domestic product and of economic activity. He then touched on the establishment of the Ministries of the Economy and Infrastructure, in the economic sphere, and of the Ministry of Social Action, whose objective was to mobilize resources to mitigate the social effects of the measures taken to control inflation.

84. One component of the document to which the future authorities of Brazil would attach importance was regional integration as a means of economic growth and development for the countries of the region, since it could make them less vulnerable to the adverse effects of the international economic situation. He drew attention to the significance of the process of integration initiated by Brazil and Argentina and later joined by Uruguay, and to the energy integration agreement between Brazil and Bolivia. He also laid stress on the important meetings relating to the Amazonian region and its ecology.

85. As part of the introduction of the document on changing production patterns with social equity, the representative of the secretariat spoke on the subject of regional economic integration. The secretariat's position, as reflected in chapter VI of that document, was that integration served a functional purpose in the process of changing the production patterns of the countries of the region in that it increased their possibilities of adapting to international conditions and thereby achieving increased competitiveness and efficiency. The importance of integration had been confirmed by recent displays of political interest on the part of the Governments of countries of the region at meetings held at the highest level.

86. The presentation included a comprehensive survey of integration experiences as viewed on the threshold of a new decade in the light of the principles on which they were based. Sectoral integration policies were also reviewed, attention being drawn to some of the most significant differences in their application, depending on whether the sector concerned was that of industry, agriculture or services. A description was also given of the policies adopted in respect of integration, on which the secretariat and the countries members of the Commission had expressed their full agreement on previous occasions.

87. The representative gave a short list of some of the basic questions relating to integration, including the possibility it afforded for complementarity between intraregional co-operation and trade relations with third countries; the need to grant non-reciprocal preferential treatment to countries with the least developed economies; the selective focus of integration and the strengthening of institutions whose main function was to give impetus to the integration processes and to intraregional co-operation.

88. He then proceeded to examine the possibilities offered by economic integration at the beginning of a new decade, endeavouring to show that it could play a functional role not only as a tool of an industrialization process directed towards domestic markets but also in strategies designed to achieve greater international competitiveness.

89. He also rapidly reviewed proposals for policies aimed at integration in specific fields. In that connection, he referred first to external demand and regional demand, noting that they did not necessarily operate at cross purposes. On the contrary, a greater degree of intraregional interdependence could promote increased international competitiveness.

90. Joint action in the field of transport and communications had provided a natural background for intraregional co-operation, which was expected to become more important in the immediate future as a result of the international development of transport and communications services, in particular maritime transport services, which were vital for the region's external trade.

91. He then drew attention to the importance of moving ahead in the design of instruments for financial and monetary co-operation, and in particular of improving on instruments used in the settlement of payments.

92. Finally, he stressed the need for expanded scientific and technological facilities which could provide further opportunities for the region to advance in its own technological development, making use of co-operation in technological innovation as a key element in the proposed expansion of the process of changing production patterns.

93. The representative of Cuba said that it was the secretariat's responsibility not only to identify the causes of the existing situation but also to gauge the consequences should there be no change in that situation. In that connection, he mentioned social upheavals which had occurred in a number of countries as their population reacted to conditions they regarded as intolerable. ECLAC should revert to its capacity as a body which, by making objective assessments such as those currently before the Committee, suggested viable alternatives for preventing the forthcoming decade from becoming another lost decade for development.

94. Changing production patterns with social equity had concerned his country for many years. He called attention to the social progress obtained in addition to advancement in the field of industry, and laid particular emphasis on the advances made by the pharmaceuticals industry and in biotechnology. Everyone knew that in his country the public sector took the lead in all forms of productive activity and services for the population.

95. With regard to changing production patterns with social equity and integration, he corroborated what the representative of the secretariat had said about their being complementary topics. Restructuring should be of a systemic nature. People had to recognize that if Latin American economies were not complementary, that was because their way had been blocked. They also had to acknowledge that there were other ways of looking at markets than in the terms in which they were regarded at present. Latin America contained enormous number of rural and excluded peoples whose incorporation into consumption would open up much larger markets.

96. He also drew attention to the complementarity which existed between the question of changing production patterns and that of the new international development strategy. Obviously, a better international environment was needed if resources were to be obtained for the desired changes in production patterns.

97. The representative of Haiti said that integration was the key to the Latin American question, and should be visualized in a framework of complementarity and equity. In view of the great diversity among the economies of the countries of the region, integration should be understood as a mechanism that would make it possible to prevent the obtaining of advantages at the expense of the weaker economies.

98. The representative of Argentina commented on the subject of integration, for the most part expressing her agreement with the approach taken and the proposals contained in chapter VI of the document under consideration. She laid particular emphasis on the link between integration and the achievement of greater international competitiveness and on the flexible approach taken in the document, in which value was ascribed to the experience accumulated in the region.

99. She referred briefly to the process of integration between Argentina and Brazil and Uruguay as being a case for future study by the secretariat and went on to tell the participants about the innovative agreement signed by Argentina with Italy and Spain. In that connection she gave the example of the treaty signed between Italy and Argentina in 1987, in which a special relationship had been created between those two countries, and pointed out that that treaty constituted the first case in which an industrialized country and a heavily indebted developing country had agreed on a programme of productive investments with technological inputs not tied to a commitment regarding payments on the external debt.

100. The representative of Mexico said that his country had, at the highest Government level, expressed the strategic importance it attached to the process of integration as a means of forging ahead into the twenty-first century. He mentioned the pragmatic action it had undertaken in support of co-operation and integration projects, including not only projects among the ALADI countries but also bilateral or trilateral projects for implementation on a sectoral or product basis. That action had been carried out in negotiations and also through agreements between the public and the private sectors. He was convinced that ECLAC could play a highly important role in the promotion of activities aimed at integration by performing its present tasks in greater depth and working with other regional bodies.

101. He ended his statement by noting that the tasks he had referred to included the harmonization of ongoing integration initiatives, especially by strengthening ties with Central America and the Caribbean and eliminating obstacles to maritime and air transport.

102. The representative of Ecuador made the following comments concerning the process of integrating the region: 1) in order for integration to be compatible with changing production patterns with equity, it should be regarded as a valid economic development instrument, i.e., not as an objective in and of itself; 2) the proposals made in respect of integration should be strengthened by incorporating in them the commitments already taken on by States (such as the Galapagos Declaration, signed in 1989 by the Presidents of the countries of the Andean Group, or other instruments such as the one which would be submitted to the Conference on Critical Poverty to be held in Ecuador in the next few days) and also contributions made by the integrationist bodies themselves, such as the new strategy for the Andean Group; 3) instruments of negotiation and understanding with the economic blocs which now predominated in the world --Canada-United States, the European Economic Community, South-East Asia and others-- should be elaborated. In that context a special effort might be made to co-sponsor instruments bringing countries into closer contact with the economies of the countries of the Pacific basin.

103. He regarded the following factors as being pivotal to the concept of integration: the participation of all social sectors so that processes agreed upon between Governments, entrepreneurs, workers, technicians, intellectuals and other appropriate groups would actually be put into practice; the strengthening of integration arrangements; and the incorporation of a greater degree of pragmatism. As examples in that connection he referred to the efforts surrounding the Paraná-Paraguay and the Libertadores routes. He also proposed that, in the concrete case of industrial and agricultural programmes, advanced sectors and technologies should be defined which countries might not be able to handle on their own, and for which the formation of multinational corporations with public and private capital should be promoted. He also appealed to countries to work together to put into practice joint programmes for the conservation of natural resources and the environment.

104. Following the consideration of the agenda item on changing production patterns with social equity, the secretariat presented a brief summary of the conclusions that might be drawn from the various statements made in response to the questions raised by the secretariat at the beginning of the session concerning the timeliness and relevance of initiating a debate on development prospects in Latin America. There had been agreement, firstly, about the urgent need for an exercise of reflexion and rethinking on how to stimulate economic development in the Latin American and Caribbean countries in the context of the 1990s, in view of the fact that the apparently dominant paradigm was far from generating a consensus. Secondly, it was felt that the Economic Commission for Latin America and the Caribbean --i.e., its secretariat and intergovernmental bodies-- was the ideal forum for undertaking an exercise of that type, in view of its tradition, its functions within the United Nations and its official mandates. Thirdly, there was also

agreement that the document prepared by the secretariat, entitled Changing production patterns with social equity, was a valuable contribution and an important step forward in grounding and facilitating the debate. Fourthly, it was felt that the twenty-third session of ECLAC, to be held in Caracas, offered an opportune and appropriate occasion for undertaking a painstaking analysis of the document, and it would therefore be helpful for countries to be represented at the session by delegations of a high technical and decision-making level in their Governments. In the fifth place, the Caracas session should mark just the beginning of such an analysis, which should then be followed up in the countries of the region through various bodies falling within the purview of the secretariat. Lastly, the secretariat had gathered highly valuable suggestions from the statements, which it would use in organizing and planning the debate to be held at the Caracas session.

Structure of the international development strategy for the 1990s: some considerations from the standpoint of Latin America and the Caribbean (agenda item 4)

105. The representative of the secretariat began by drawing an analogy between the events of the 1980s which had ushered in a restoration and strengthening of democracy in Latin America and the Caribbean, on the one hand, and, on the other, the achievements of the multilateral system in the political arena, particularly with respect to peace. In the case of the region, the resurgence of democracy had been concomitant with a severe economic and social crisis. In the case of the United Nations, success in the political sphere had coincided with a striking contrast between the International Development Strategy (IDS) adopted at the outset of the 1980s and what had actually occurred during the decade, inasmuch as most of the developing countries had seen the gap between them and the developed countries grow wider.

106. In view of that situation, the secretariat of ECLAC had put forward a proposal for changing production patterns with social equity. That proposal involved the furtherance and reinforcement of democratic processes by means of economic and social changes which would lead to the establishment of a new form of development based on those processes and their expansion.

107. In the case of the United Nations, the General Assembly had embarked upon two initiatives aimed at promoting advances in the economic and social sphere which would complement the successes attained by the multilateral system with respect to the furtherance of peace. Those two initiatives were the special session of the General Assembly devoted to international economic co-operation, in particular to the revitalization of economic growth and development of the developing countries, and the new international development strategy for the 1990s.

108. The representative of the secretariat went on to review the institutional mechanisms being utilized by the United Nations system, and by ECLAC in particular, in order to co-operate in the formulation of the international development strategy. Achievements in that connection included the adoption by CEGAN in March 1989 of basic guidelines for the formulation of the strategy and the agreement reached by the General Assembly at its forty-fourth session regarding the structure of the new IDS.

109. He then discussed the relationship between the new international development strategy and the special session of the General Assembly on international co-operation and the reactivation of growth and development. In both cases, one of the pivotal elements around which the debate had revolved concerned the factors that had caused such a severe crisis in most of the developing countries at a time when the member countries of the Organization for Economic Co-operation and Development (OECD) were completing their seventh year of growth. There were a number of different theories in that regard, ranging from ones which emphasized the new international environment's adverse impact on the developing countries to ones which focused on the domestic policies of those countries. Such interpretations might well give rise to positions whose most salient component was denunciation, at one extreme, and a doctrinaire stance, at the other.

110. In closing, the representative of the secretariat discussed the current status of the work on the new IDS. Based on the outline which had been approved, at the present meeting the secretariat had presented background information on three of the subjects included therein: international trade relations, human resources and poverty, and an environmentally sound form of development. In each case a synopsis of the recent course and present status of international negotiations was furnished.

111. With respect to the subject of the new IDS, the representative of Cuba began by proposing a number of criteria which should be taken into account in its formulation. The new strategy should focus primarily on the revitalization of the growth and the economic and social development of the developing countries so as to contribute to the restructuring of the international system on the basis of the tenets of the new international economic order. It should also provide for measures to reverse the outward transfer of net resources being made by the developing countries by solving the problem posed by the external debt, which could not be paid under the present conditions. In addition, it should address the subject of trade and raw materials in a manner reflecting a due regard for the integral and interrelated character of the issues relating to trade, financial resources, the debt, commodities and monetary stability.

112. He then underscored the need to take a global, multilateral approach to the subject of the environment so as to uphold the principle of proportionate contributions and responsibilities. The topic should be considered within the context of the countries' examination of the development process, which would permit distinctions to be drawn among the situations of the different groups of countries. The fact should also be borne in mind that many environmental problems stemmed from industrialization models and patterns of consumption and waste which were associated with the modality of the developed countries.

113. Finally, he expressed the view that the issuance by the present meeting of a document setting forth the positions of the countries of the Latin American and Caribbean region as to what elements should be contained in the new IDS would be a useful step. In formulating such a document, it would be helpful to refer to the statements made by the delegates at the current session of CEGAN, the documentation presented by the secretariat and the agreements reached at the preceding session of CEGAN in May 1989 in New York.

114. The representative of Uruguay said that CEGAN had proved to be an ideal forum for the regional co-ordination of matters relating to the new IDS. The inputs provided by CEGAN at its sixteenth session constituted one of the principal contributions made to the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade and to the forty-fourth session of the General Assembly. Both the document approved on that occasion and the document presented by the secretariat at the current session provided a good basis for the work to be done in that connection.

115. As regarded document LC/L.535, with whose content the delegation from Uruguay was in agreement, the representative remarked that the selection of three topics for inclusion in that document did not imply the setting of regional priorities in respect of subject areas.

116. She felt it was very important for the work in that regard to be structured on the basis of the outline set forth in General Assembly resolution 44/169. In that connection, she reviewed the topics included in the outline for the strategy. In respect of the preamble (section I) to the above-mentioned resolution, emphasis should be placed on the widening gap between developed and developing countries, the widespread economic decline and the deterioration of social conditions in the developing countries. The economic and social development of the developing countries should be highlighted as the central focus of the new strategy, and there should be a recognition of the fact that, because the characteristics of development processes differed in different regions, it was necessary to establish various levels of strategy corresponding to those disparities. Furthermore, the strategy ought to be formulated in such a way as to require the assumption of clearly-defined, concrete commitments by all the parties involved, including the developed countries. On the subject of the strategy's goals and objectives (section II), she asserted that objectives of a global nature should be harmonized with other specifically sectoral objectives which would complement the former. The new strategy ought to be focused entirely on essential aspects of development, and to that end a limited number of priority topics should be selected. Moreover, in addition to being flexible so that it could be adapted to changing circumstances, it should be realistic and should correspond to the international system's and the member countries' capacities. With respect to policies and measures (section III), she underscored the persistence of obstacles to development such as the excessive external debt burden, the terms of trade and other stumbling blocks. She also commented briefly on the role of United Nations organs (section IV), noting that the international system needed to be strengthened so that it would be able to carry out the tasks identified in the preceding sections of the resolution.

117. In regard to the distinction between the new IDS and the forthcoming special session of the General Assembly, she expressed the view that the latter should be devoted to the pressing problems of the international community. However, given the differing nature and scope of the two instruments, their contents should not be defined in such a way as to be mutually exclusive.

118. The representative of Ecuador expressed his country's recognition and support of the document prepared by ECLAC on the subject of the IDS and then went on to reiterate the views expressed by the delegation of Ecuador to the General Assembly concerning the preparation of the new international development strategy. In that respect it was necessary to take into account the economic problems of the 1980s and their negative impact in the social sphere. He also drew attention to the inescapable obligation to pay what had come to be known as the social debt and spoke of the link between it and the adverse effects of the external debt in terms of the conditions of critical poverty existing in the countries of the region. There was also a need to analyse the changes occurring in Eastern Europe, which might affect future investment, credit and trade flows towards the countries of the region. Additional resources needed to be provided for co-operation in respect of the countries of Eastern Europe so as not to impair future assistance to the developing countries. Finally, he referred to the environmental proposals put forward in the document and to how they differed from the position adopted at the Stockholm conference.

119. The representative of Bolivia expressed satisfaction with the treatment given in the document of the secretariat to the three topics which it had selected for discussion from among those contained in the outline for the strategy. He expressed particular interest in the subject of human resources development and poverty, and asserted that, once the existing macroeconomic disequilibria had been overcome, medium- and long-term policies and strategies should seek to reconcile growth and adjustment with redistributive measures which would give rise to more equitable societies.

120. The representative of Jamaica felt it was important that the new IDS should be a realistic and flexible instrument. She stressed the connection between the new IDS and the proposal for changing production patterns with social equity, inasmuch as both had a bearing on the countries' economic and social development objectives.

121. As regarded the topics which were to be addressed by the new IDS, she highlighted those of critical poverty, human resources development and technological change. In commenting upon the subject of the environment, she said that some Caribbean countries were troubled by the fact that they had been unable to sign the conventions and agreements mentioned in the secretariat's document because they lacked the necessary human resources to draft the legislation needed, in order to implement those conventions.

122. The representative of Panama expressed his appreciation to the host country for its hospitality and to the secretariat for the documents presented at the meeting. He said that his country's views on those documents would be presented at the forthcoming session of the Commission, to be held in Caracas.

123. The representative of Colombia expressed his approval of the documents presented, which he considered to be the result of patient and meticulous research into the factors affecting the development of Latin America and the Caribbean now and in the future.

124. He said that it was particularly interesting to his government to note that the suggestions contained in the study on changing production patterns with equity had already been put into practice in Colombia for a number of years past. He then went on to describe various Colombian development plans and the economic policy measures applied in order to implement them. He mentioned the economic development plan of 1974, entitled "Closing the gap"; the "National Integration Plan" which succeeded it, and finally the Social Economy Plan of the present Colombian Administration, designed to combat absolute poverty through economic growth aimed at fulfilling the social function of promoting an improvement in the living conditions of the poorest sectors of the population, which had traditionally been excluded from the benefits of progress. He illustrated his statement with data and figures on the results of the "Social Economy Plan" and the economic policy measures which made it up.

125. Finally, he referred to Colombia's recent efforts to secure international understanding of the serious problems affecting the country. After mentioning the situation of the flower-growers, he laid particular stress on the real dimension of the narcotics problem and the costly campaign which his country had undertaken to stamp it out, although until very recently it had not received adequate understanding on the part of the developed countries. He concluded with an appeal to all the countries present and to ECLAC to persevere in their efforts to find solutions for the problems of Latin America and the Caribbean.

126. The representative of Mexico made a few remarks on the recent experience of his country, which he felt might be of interest at a time of economic and political change in which Latin America and the Caribbean must necessarily participate. He mentioned in that respect the 1989-1994 Development Plan, the main objectives of which were the promotion of democratic life, the defence of national sovereignty, growth with stability and greater social well-being. The gradual but sustained economic recovery of the country should be based on economic stability, increased investment and the modernization of the economic structure. He placed special emphasis on the last of these points, referring to the role of the State, which he considered to be a catalyst of efforts and a co-ordinator of wills rather than a force capable of inhibiting the creative impulses of society; at the same time, he said that the redefinition of the functions of the State had led to a reduction in the size of the bureaucratic machinery and the simplification of administrative practices.

127. The Mexican experience, he said, highlighted the fundamental importance of fiscal discipline in economic reactivation. The measures to put the public finances on a sound basis had also been of decisive importance in the stabilization of the economy.

128. With regard to the external sector, he said that the changes in production patterns had also been favoured by the greater trade openness, which had promoted productivity and increased competitiveness. In that respect, an effort had been made to apply the policies gradually, so as to allow Mexican firms to adapt to the changes. Foreign investment had also been promoted, and encouragement had been given to scientific and technological development and the training of human resources.

129. One of the prime objectives of the government had been to secure a renegotiation of debts with creditors. That was a real landmark, because through it the creditors had acknowledged their co-responsibility in the external debt problem.

130. He also emphasized the importance of integration, which he considered to be an immediate, feasible and promising option for increasing trade within the region, noting that ECLAC had a key role to play in providing guidance and technical assistance in that respect.

131. Finally, he referred to the need to look after the environment and the ecological balance, stressing the indissoluble link between development and ecological protection and reiterating that it was necessary to have the collaboration of all countries --especially the developed ones-- in dealing with those problems.

132. The representative of Argentina said that the document presented by the secretariat on the IDS was extremely useful as a regional frame of reference for dealing with the topic. The approach taken by the document represented the practical application of some of the sectoral policies referred to in resolution 44/169 on the structure of the new Strategy. The series of activities provided for in the international economic agenda for 1990 could help in the search for a political solution to the main problems facing the region. In the view of the Argentine delegation, the conditions were suitable for a partial approach, by topics, within a global interrelated context, both in the Strategy and in the special session of the General Assembly on the reactivation of the growth of the developing countries.

133. The three major topics presented in the secretariat document were closely interrelated. Thus, international conditions --in the fields of both finance and trade-- went a long way towards explaining the increase in poverty, with all its negative repercussions on the development of human resources and the further deterioration of the environment. The application of suitable macroeconomic policies would help to free resources for the application of appropriate policies in those fields. In that respect, the liberalization of international trade in agricultural products must continue to be a basic objective.

134. The representative of Venezuela considered that the document presented by the secretariat was a valuable contribution to the Ad Hoc Committee of the Whole for the Preparation of the IDS and the special session of the General Assembly to be held in April. There was a clear link with General Assembly resolution 44/169, as it accurately reflected such concepts as the priority need to reactivate economic growth and achieve broad and sustained growth, correct the transfer of resources to the exterior, attain greater openness of external trade, establish international co-operation that led to the transfer of technology and know-how, and a number of other aspects, especially those of a social nature.

135. He emphasized the importance of the internal effort of the countries, in addition to whatever international co-operation they received. In that respect, he made special mention of the importance of changing production patterns, which involved the incorporation of technical progress and greater

international competitiveness, as well as environmental conservation and the development of human resources.

136. Finally, he said that in preparing the IDS it was necessary to give prominence to promoting the growth and development of the countries of the region in the world context, with greater integration among them so as to permit them better to meet the challenge of the world economic blocs. It was worth taking advantage, he said, of the experience of those countries which had gone furthest along the path of development, while bringing it into line, where necessary, with the criteria of social equity.

C. MAIN CONCLUSIONS

137. Upon completion of the debate on the agenda items, the delegations agreed that the discussion on the two items under consideration --changing production patterns with social equity and the new international development strategy-- should be summarized in an integrated and interrelated manner to provide a frame of reference for the delegations of the developing countries members of ECLAC which would be attending the twenty-third session of the Commission. The main conclusions are recapitulated below.

1. The situation on the threshold of the 1990s

138. At the beginning of 1990, Latin America and the Caribbean are confronting a situation which in many respects is more unfavourable than in early 1980. The past decade brought with it economic recession, prolonged adjustment processes, increasing obsolescence of capital stock and physical infrastructure, widening of the technology gap with the developed world, erosion of the governments' financial and management capacity, depressed investment coefficients and a growing accumulation of economic and social setbacks, together with an aggravation of the critical poverty situation. The new decade is beginning, then, with many constraints on development. The above-mentioned phenomena, in varying degrees and intensity, characterize the situation in the vast majority of countries of the region.

139. In the international arena, the relaxation of East-West tensions and the international political co-operation currently taking place should lead to effective North-South co-operation in economic and social matters. This would avoid the prolongation of recent trends, which entail the need to confront an external environment marked by the same instability and uncertainty which characterize the prevailing international financial and monetary system; the heavy burden of external debt combined with increasingly difficult access to fresh financing and the persistence of high real interest rates, all of which are prolonging the net transfer of financial resources abroad; protectionism on the part of the industrialized countries and an international trade system which is becoming less transparent; the internationalization of capital markets; the consolidation and expansion of new technologies that are changing the forms of production and marketing in a fundamental way; growing difficulty in gaining access to these technologies; and the formation of new

groups of industrialized countries, further weakening the bargaining power of the Latin American and Caribbean countries.

2. Changing production patterns with social equity

140. In this situation, and in view of the intensity and duration of the economic crisis of the 1980s, there is an urgent need to introduce changes in productive structures, in a context of pluralistic and democratic societies, while trying to halt the erosion of social cohesion and safeguard environmental sustainability. The very nature of existing constraints makes it necessary to deal with them through co-ordinated action in various areas. At the international policy level it is essential to seek new forms of co-operation. At the country level there is a need for decided, persistent and, especially comprehensive efforts, bearing in mind the diversity of existing situations in the region.

141. The changing of production patterns with equity must be achieved in the context of greater international competitiveness. This competitiveness must be based on the dissemination of advanced technology throughout the productive process, and on a network of linkages between enterprises and the educational system, the technological, energy and transport infrastructures, labour-management relations, the public and private institutional apparatus and the financial system.

142. Accordingly, the transformation of production patterns cannot simply be the result of creating an appropriate, stable macroeconomic climate. It will require combining macroeconomic management with sectoral policies, integrating short- and long-term policies, uniting the economic and socio-political environments and promoting institutional changes on which to base a new form of interaction between public and private agents.

143. Sustained growth based on competitiveness is incompatible with the continued postponement of social equity, and changes in production patterns will therefore need to be accompanied by redistributive measures.

144. It will be essential to further reinforce Latin American and Caribbean integration and intra-regional co-operation, in so far as they make a vital contribution to supporting changes in production patterns, and also offer the possibility of becoming a powerful tool for negotiating with third countries.

3. The international development strategy and international co-operation

145. In order to bring to fruition the considerable domestic efforts that will be made to change production patterns with equity, on the basis of the prevailing situation at the start of the 1990s, Latin America and the Caribbean need international co-operation. Accordingly, the region should continue to participate in the process of preparing the international development strategy (IDS), as part of the updating of the world economic agenda.

146. International co-operation is essential, in the first place, in order to make changes in the present international economic environment. Modifications must be introduced to alleviate the problems facing the region, and especially to reverse the net transfer of resources to the developed countries. In that context, the preparation of the IDS offers an excellent opportunity to reaffirm development as a priority objective of the multilateral system. The region's position, as set forth in "Basic guidelines of the Latin American and Caribbean countries for the process of formulation of the international development strategy for the fourth United Nations development decade", adopted at the sixteenth session of CEGAN (New York, May 1989), is still in full effect and appropriately summarizes regional views. With regard to the topics of international economic relations, the overcoming of poverty and the development of human resources, and environmentally sustainable development, the secretariat document entitled International Development Strategy: some considerations from the standpoint of Latin America and the Caribbean (LC/L.535) contains valuable elements that can be of help in forming a regional position.

147. In the context of North-South co-operation, which is being given high priority in the new IDS, and bearing in mind that economic imbalances must be corrected in the emerging international scenario, it will be necessary to deal with the following aspects:

- positive net transfer of resources, linking finance and trade with development financing;
- quest for lasting solutions to the external debt problem, encouraging debt forgiveness and reduction schemes;
- access to international markets and liberalization of international trade in commodities, especially agricultural products;
- actions to ensure that the results of the ongoing negotiations in the Uruguay Round of GATT will be favourable to the developing countries, in accordance with the principle of special and differential treatment;
- favourable terms for access to technological and scientific advances;
- way of treating the subject of environment and development which recognizes different perspectives on global and regional ecological problems;
- decided support to Latin American and Caribbean nations in their programmes for alternative development, crop substitution, and prohibition and prevention of drug production, trafficking and consumption;
- finding a solution to the problem of extreme poverty, which affects vast sectors of the population;
- human resources development;
- promotion of international technical co-operation, giving preference to increased official development assistance, based on the principle of universality;
- food self-sufficiency and security based on the fair trade of agricultural products; and
- support for industrial policies, promoting changes in production patterns with equity.

148. Reversal of the net transfer of resources must be a basic result of the future IDS. It will be used to support changes in production patterns with equity, and in no case to postpone or avoid necessary domestic changes.

149. However, this greater availability of resources is not the only form of international co-operation needed for development. Also required are the collaboration and support of the industrialized countries in a wide range of areas: training and advanced training of human resources, co-operative efforts to incorporate and disseminate technological advances, co-operative projects with enterprises within and outside the region, development of economic alternatives to the growing of coca, incorporation in a regulatory scheme for modern services that will safeguard the region's needs and entrepreneurial resources, and participation in formulating environmental standards and in defining shared criteria for the use and processing of natural resources.

150. The Caracas session will be an excellent opportunity to expand the consensus reached thus far and to move forward on the topics addressed in the preparation of the strategy, in accordance with the outline adopted by the General Assembly in its resolution 44/169, while also taking into account the results of the special session to be held in April of this year. It will also serve as an appropriate forum for continuing to define the agenda, modalities and opportunities for negotiation with the industrialized countries, with a view to obtaining the co-operation and support necessary for carrying out the proposal for changing production patterns with social equity.