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ECONOMIC
AND
SOCIAL COUNCIL



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LA BIBLIOTECA

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ECONOMIC COMMISSION FOR LATIN AMERICA
Ninth Session
Santiago, Chile

ECONOMIC AND SOCIAL DEVELOPMENT COMMITTEE

PROVISIONAL SUMMARY RECORD OF THE FIRST MEETING

Held at Santiago on Monday, 8 May 1961, at 3.55 p.m.

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/PRESENT:

PRESENT:

<u>Chairman:</u>	Mr. TEJERA PARIS	(Venezuela)
<u>Rapporteur:</u>	Mr. SALGADO	Ecuador
<u>Members:</u>	Mr. MORALES	Argentina
	Mr. CENTELLAS	Bolivia
	Mr. de ALMEIDA	Brazil
	Mr. MOLINA)	Chile
	Mr. ESCOBAR)	
	Mr. PATRÍO ROSSELLI	Colombia
	Mr. MIXCO	El Salvador
	Mr. LETONDOT	France
	Mr. DIAZ DURAN	Guatemala
	Mr. FARAUNE	Haiti
	Mr. MENDOZA	Honduras
	Mr. FERRIER	Kingdom of the Netherlands
	Mr. CANO	Mexico
	Mr. de ANDREA	Peru
	Mr. SIMPSON	United Kingdom of Great Britain and Northern Ireland
	Mr. JOHNSON	United States of America
	Mr. DELGADO	Uruguay
	Mr. ACEVEDO	Venezuela

ALSO PRESENT:

Observers from States Members
of the United Nations not Members
of the Commission:

Mr. BRUNNER	Austria
Mr. TREMBLAY	Canada

Observer from a State not a Member
of the United Nations, attending in a
consultative capacity:

Mr. HOFF	Federal Republic of Germany
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/Representatives of

Representatives of
specialized agencies:

Mrs. FIGUEROA
Mr. SANTA CRUZ
Mr. BLAT GIMENO

Mr. KNAPP

International Labour Organisation
Food and Agriculture Organization
United Nations Educational,
Scientific and Cultural Organization
International Bank for Reconstruction
and Development.

Representative of the International
Atomic Energy Agency:

Mr. FREEMAN

Representatives of inter-governmental
organizations:

Mr. MARQUEZ

Mr. REY ALVAREZ
Mr. LAGO CARBALLO

Centro de Estudios Monetarios
Latinoamericanos
Inter-American Development Bank
Inter-Governmental Committee for
European Migration

Representative of a non-
governmental organization:

Category A: Mr. MORENO

International Confederation of
Free-Trade Unions

Secretariat:

Mr. PREBISCH
Mr. SWENSON
Mr. MENDIVE

Mr. BALBOA

Executive Secretary
Deputy Executive Secretary
Director, Economic Analysis
Division
Secretary of the Committee

/STATEMENT BY

STATEMENT BY THE REPRESENTATIVE OF COLOMBIA

Mr. PATIÑO ROSSELLI (Colombia) pointed out that the provisional version of the Economic Survey of Latin America, 1960 (E/CN.12/565) contained certain inaccuracies with respect to Colombia. According to table II-3, Colombia's gross domestic product had increased by 2.3 per cent, 4.9 per cent and 2.9 per cent, respectively, in 1958, 1959 and 1960, and the corresponding increases in the per capita gross product had been 0.1 per cent, 2.7 per cent and 0.7 per cent respectively. According to studies carried out in 1960 by the National Administrative Department of Programming and Technical Services, the Banco de la República and ECLA, the corresponding figures for the gross domestic product were 3.5 per cent, 6.4 per cent and 4.0 per cent respectively, and for the per capita gross product 0.7 per cent, 3.6 per cent and 1.2 per cent respectively. The Survey also stated that there had been no overall wage increase from 1957 to mid-1960 (page 19) and that the Government had ordered an overall readjustment of minimum wages in mid-1960 (page 20). The first statement was incorrect; if it meant that there had been no overall adjustment of minimum wages, it must be remembered that such adjustments were not the sole determinants of the wage levels. In the manufacturing sector the index of real wages, taking 1950 as 100, had risen from 120.8 in 1957 to 123.6 in 1958, 126.3 in 1959 and 136.4 in 1960, increases that corresponded closely to the increases in productivity. There had been similar increases in other sectors. The Survey also referred to a reduction of the wage-earning sector's share in national income (page 20) and to the continued dependence of the stabilization of Colombia's balance of payments upon a regressive distribution of national income. The data on the subject, although not extensive, were sufficient to show that inequalities of income distribution had decreased rather than increased; in 1950 wages and salaries had represented 35.7 per cent of the national income, in 1957 36.1 per cent, in 1959 38.6 per cent and in 1960 40.5 per cent. Moreover the tax policy, particularly with respect to income tax, which had undergone a fundamental reform in 1960, had unquestionably contributed to improving the distribution of the national income. The Survey also attached particular importance to the accumulation of coffee

/stocks in

stocks in maintaining investment at a high level; in fact it had been only in 1957 that that factor had had any considerable influence on the rate of investment, since in 1958, 1959 and 1960 it had represented only 9 per cent, 5 per cent and 6 per cent respectively of gross investment, and 73 per cent, 40 per cent and 45 per cent respectively of the total increase in stocks.

His delegation also wished to point out that the expression "centrally planned economies", used in many documents before the Commission and in various documents of the United Nations and the specialized agencies to describe the economic system of communist countries, was quite unacceptable. Colombia, like many other Latin American countries, was striving to organize its development on the basis of an integrated technical programme, which was in essence a form of central planning in the true sense of that term, as opposed to the special sense given to it in United Nations documents. Central planning in a mixed economy, in which both the State and private enterprise had a constructive role to play, could not be equated with the communist form of planning, which was a form of despotic regimentation, and he suggested that the United Nations should find some more accurate description to apply to the communist economies in future documents.

Mr. MENDIVE (Secretariat) said that, because of the deadline that had had to be met for the Survey, it had not been possible to include the revised figures for Colombia referred to by the Colombian representative, but that those revised figures would naturally be included in the final version. With respect to wages, the Colombian representative was correct in supposing that the two passages referred to were meant to be read in conjunction. The Secretariat had taken note of the figures given by the Colombian representative with respect to distribution of income.

ECONOMIC AND SOCIAL DEVELOPMENT(a) Economic policy and the growth rate (E/CN.12/582 and E/CN.12/584)

Mr. MOLINA (Chile) referred to the report on the experience of the Advisory Groups and the practical problems of economic development (E/CN.12/584) and said that he wished to give a brief account of Chile's experience in that field. The Chilean Development Corporation (CORFO) had been established in 1959 to formulate a general development programme designed to raise the level of living of the population and in 1960 the programme had been ready to be put into effect. The first step had been a sectoral programme to establish the basic conditions for development by giving an impetus to such industries as the electricity, steel and petroleum industries. Next, technical staff had had to be assembled for the purpose of surveying natural resources and compiling basic economic data and other staff had had to be trained to undertake the general programming.

In 1951 CORFO had established a Planning Department and in 1954 a programme covering agriculture and transport had been formulated, in co-operation with international organizations. In 1960 the Planning Department, in collaboration with other technical government bodies, had completed the study on the national programme of economic development. The first programme had been based on an analysis of Chile's economy covering the last thirty years and had not covered health, education or social welfare. The aim was to achieve an annual growth rate of 5 per cent, but not at the cost of reducing consumption, which it was hoped would increase annually by about 2 per cent. Savings were now at the level of 10 per cent but it would be necessary to increase that level to 18 per cent. With respect to international aid, it was particularly important that such aid should be on a generous scale during the early years of the programme, since the balance of payments situation imposed severe financial limits. Once the programme began to bear fruit, the proportion of external aid could be reduced.

On the basis of its brief experience in 1961 with the application of the programme, Chile had come to a number of conclusions. Some form of co-ordination at a high administrative level was required; Chile had accordingly established a committee for the purpose representing the budget office and all the various bodies concerned with economic affairs, development and planning. In addition

/special committees

special committees had been established to deal with particular sectors, on the lines of the programme itself, the aims being to work out short-term programme data for the annual budget and to co-ordinate the execution of the programme with the execution of the annual budget. It was important both that resources should be allocated in accordance with the priorities of the programme and that the resources allocated for the year should have a suitably complementary character. In addition, it was necessary to budget for inputs for each project, so that government decisions could be reconciled with decisions in the private sector. There should be the closest possible relations between the planners and the budget office. Moreover the budget should include investments for the whole of the public sector, and not only for programmes coming directly under the central Government.

Hence budget reform was required. Two stages were necessary: firstly, a uniform budget classification applying equally to autonomous bodies, with co-ordination in time, and secondly a change in the traditional government approach, so that the budget could be used as an instrument of economic policy as well as a financial instrument. In 1961 Chile had attained a uniform presentation of government accounts, with current transactions separated from capital transactions. It remained to introduce programme and performance budgeting, which it was hoped could eventually be extended to social investments such as health and education. Programme and activities should be identified in such a way that a given group would represent a function of a given institution. Under programme and performance budgeting the inputs for different types of schools - vocational training schools, or schools for the handicapped, for example - would be listed separately instead of being combined as they were in traditional budgeting. Moreover a system of physical indexes, such as pupil hours per year, would help both to determine costs and to judge efficiency. Such innovations would be by no means easy and there were many administrative and legal obstacles to overcome. In addition many more trained technical staff would be needed, to provide planning and budgeting sections at all administrative levels as well as on the planning body in the budget office.

/He expressed

He expressed his support for the work ECLA was doing through the advisory groups and for the proposal to establish a Planning Centre.

Mr. SALGADO (Ecuador) said that his country had established a planning body in 1954; after the necessary research and compilation of statistics, a preliminary plan had been drawn up in 1957, although without quantification of goals or investments. In 1961 a short-term development plan had been adopted, for completion within two to three years. The two main aspects of planning were the outlining of economic policy and the introduction of a new concept of State action. The first was a technical problem, but the second involved political and administrative questions. The important aim was to prepare the government apparatus to carry out the plan, since it was useless to entrust the State with tasks that it was not equipped to perform. As a first step there must be a study of conditions to see how any changes required in the economic structure could be gradually introduced. The next stage should be the establishment of planning machinery, followed by the initiation of the programme, which should be modest enough not to require large funds and an extensive staff. Within the next two or three years Ecuador would renew its administrative machinery so that the Government could then undertake a general development plan.

On the basis of Ecuador's experience, ~~he thought~~ that a number of principles could be applied in planning. The first was that the development plan should emanate from the highest level if it was to succeed, since it would need to have the authority of an executive order. The second was that the preparation of the plan should not be restricted exclusively to the planning body but should bring in all bodies with responsibilities in the execution of the plan. Although administrative arrangements varied from country to country, he felt that certain general principles should apply. Firstly, the planning body would not have enough authority unless it had direct access to the President. Secondly, its functions should be confined to planning; it should be a body to advise the President, for otherwise political friction might be caused and ministerial functions might be encroached upon. Thirdly, it should have a high degree of autonomy. Lastly, it should have sufficient staff and resources. The last condition was difficult to fulfil in other parts of the world, as well as in Latin America; in particular it was difficult to find
/staff to

staff to do sectoral planning. Above all it should be realized that to establish planning on a permanent basis was a lengthy task, involving the training of staff, the establishment of relationships with other bodies and the collection of data, all of which might take from four to five years; the establishment of a full planning system involving radical changes in government methods might take about ten years.

With respect to the planning machinery, in the first stage experts in separate fields were more important than general planners and it might be advisable to begin by establishing planning units at the Ministry level, which should ensure a good staff of project planners within one to two years. The second stage was the budgeting system, of which the representative of Chile had given a very lucid account. The third stage was the execution of the programme, which involved a system of supervision and an administrative system of co-ordination, which in Ecuador was effected by a special unit attached to the office of the President.

Mr. PREBISCH (Executive Secretary) asked the representative of Ecuador if he considered that the planning body should be entirely autonomous.

Mr. SALGADO (Ecuador) said that that was his view; it should act as a technical adviser to the President, without administrative responsibilities, in order to avoid friction with other departments.

Mr. ESCOBAR (Chile) was unable to agree with the implication in the Ecuadorian representative's statement that the successful application of a development plan could only be ensured through orders from the executive authority. A distinction had to be made between the public and private sectors, which meant that there should not be a coercive element in planning. The planning office in Chile was completely independent and the Development Corporation was an autonomous body. Co-ordination with the Government was ensured through the Ministry of Finance.

In view of the different systems applied to development planning in various countries, he thought it might be useful if a comparative study could be undertaken on the measures taken in Latin American countries to carry out economic development plans under a democratic system of government, with particular reference to the political and parliamentary aspects of planning.

Mr. SALGADO

Mr. SALGADO (Ecuador) said that he had not intended to imply that the system used in his country should be applied to all others. It had proved satisfactory in Ecuador and might be useful in countries with similar economic conditions. A development plan had two stages: formulation and application. The second stage meant the taking of policy decisions and that could only be done by the executive authority. Much depended, of course, upon a country's administrative structure. In Ecuador, policy decisions relating to planning were taken by the President.

Mr. CANO (Mexico) said that ECLA, which had defined a programming technique and had sent out advisory groups to assist in the formulation and application of development plans, should increase its activities in that field at the request of Governments. The time had come to set in motion in Latin America adequate permanent machinery, such as the Planning Centre to which reference had been made, which would carry out a vigorous training programme for economists and planning experts and assist Governments in need of such co-operation in formulating their plans. Moreover, seminars or working groups should be organized in order to ensure an exchange of experience in Latin American countries with a view to improving the quality of national planning machinery.

Having carefully studied the secretariat report on the experience of the advisory groups (E/CN.12/584), his delegation was convinced that unless a Government's administrative units on planning were properly organized, or unless government organization was so planned as to establish a close connexion between plans being formulated and the Government's daily activities as carried out through its investment decisions and economic and policy measures, such plans as were formulated might not be applied in practice. In that connexion, information concerning the organization and functioning of agencies responsible for formulating and applying development plans in each Latin American country would be most useful. ECLA might therefore continue to provide data on the experience of its economists and experts in countries being helped by its advisory groups, with respect both to general planning and to planning in specific areas such as agriculture, industry and transport.

A most useful suggestion made in the report was that development policy and co-ordination of planning should be carried out in co-ordinated planning units and that close co-ordination should be instituted between planning and budget offices. The establishment of such units required an immediate increase in the number of economists, experts and technicians in various branches of planning and economic policy. Educational and training programmes might have to be revised to make that possible; in that connexion ECLA could make a most useful contribution by intensifying its training courses.

He was glad to note that the United Nations Special Fund intended to participate in the financing of a planning centre or institute within ECLA. Ad hoc expert missions to prepare programmes were not an effective solution, which called for the establishment of permanent Latin American cadres of experts who would not only formulate but also carry out development programmes.

Another essential factor in planning was the gathering of statistical data which would help the government agencies concerned to achieve their economic and social objectives. Mexico had made considerable progress in that respect in recent years, particularly with respect to the revision of the national accounting system, the preparation of input-output tables, and estimates of income distribution and of the actively employed population. ECLA, which had stressed the importance of a statistical structure closely related to planning, might assist Governments in their attempts to improve their statistical data.

With respect to planning of government activities, particularly public investment, the importance of which had been stressed in the ECLA report, the Mexican Government had set up in 1954 a National Investment Board which had since become directly attached to the office of the President of the Republic. Its purpose was precisely to avoid some of the problems mentioned in the ECLA document in connexion with investment planning.

Mr. MENDOZA (Honduras), after reviewing the contents of the ECLA secretariat report on the economic development of Honduras (E/CN.12/585), stressed the valuable contribution made by the ECLA economic development studies in helping the Latin American Governments to achieve their objective of raising the level of living of their peoples.

/He welcomed

He welcomed ECLA's proposed studies of Central American development based on the area's growth prospects as a whole in the light of economic integration.

He thanked the secretariat for its valuable contribution to the study on Honduras and hoped that his country would receive the technical assistance in programming it had requested. That would be a second stage consisting of action rather than mere studies. It entailed the formulation of an economic development plan and the detailed programming of public investment by sectors. Additional resources would be required and Honduras hoped that the establishment of the proposed Latin American development institute would enable it to formulate its programmes more speedily.

Mr. SIMPSON (United Kingdom) considered the secretariat document on economic development, planning and international co-operation (E/CN.12/582) an admirable exposition of the problems currently facing the Latin American economy. The necessity for accumulating national savings and the role of international resources in development were well argued. He agreed with the emphasis placed on the need to spread technical knowledge if the necessary acceleration of industrial and economic growth generally was to be achieved.

With respect to protection and the terms of trade, the secretariat's basic argument was that protection was justified by the need to encourage local industry as a means of offsetting the tendency for a peripheral nation's terms of trade to deteriorate as a result of the relatively inelastic demand for primary products in world markets. Such policies had not always helped to offset a deterioration caused in the first place by factors largely beyond the control of the countries concerned. The argument required further consideration.

The secretariat suggested that lack of far-sighted development policies was the cause of current inability to reduce imports composed of essential capital goods. He agreed that the solution to the problem of external vulnerability lay in structural and not ad hoc anti-cyclical measures. The structural defects involved, however, affected not only industrial but also agricultural and fiscal policies, which were too often fundamentally unsound and appeared to require revision if the Latin American balance of payments was to be stable and cyclical problems were to be overcome without disturbing the rhythm of economic development.

The secretariat

The secretariat document appeared to be over-pessimistic, in some respects. For instance, it did not envisage any increase in extra-regional trade until dynamic economic balance was achieved. The United Kingdom delegation believed and hoped that the effect of a larger market and lower costs would enable external trade to be increased before that point was reached.

Mr. MORENO (International Confederation of Free Trade Unions) said that the organizations he represented had consistently expressed the desire that suitable participation in development programmes designed to raise the level of living of peoples should be granted to the legitimate representatives of the freely organized working class. The latter intended to co-operate constructively in the process of economic development but insisted upon representing their own class interests. Moreover, conditions of political freedom and full recognition of human rights were required as the basis of genuine progress. Hence, it was essential that all Governments should be truly representative of the will of the people.

The Latin American countries were basically agricultural. There could be no social justice, nor could industrial projects be carried out efficiently, unless land reform was instituted to increase the purchasing power of the rural population and thus provide an outlet for industrial products.

The wishes of the democratic trade union movement had been taken into account at previous international conferences but had not yet been given practical effect.

Production in Latin America had not increased in direct proportion to population growth and the situation could only be changed through the co-operation of all the sectors of the economy. The Latin American working class would give its full co-operation in that respect and urged other classes of society to do the same.

International trade in food products and raw materials, of which the Latin American countries were essentially producers, was governed by standards and decisions in which they did not participate. Unless food and raw material prices were stabilized on the world market, the Latin American countries would continue to live in a state of imbalance, uncertainty and insecurity detrimental to their economic progress and political stability.

/The Latin

The Latin American countries were furthermore the victims of the unfortunate circumstances that, while the volume of exports had increased considerably in recent years, the value of those exports had dropped sharply. That pointed to the need for international agreements on prices and quotas on basic commodities to ensure the financial stability essential to the implementation of plans such as those to be discussed at the present session.

Mr. LETONDOT (France) said that, with respect to the Latin American common market and trade with the rest of the world, the secretariat report (E/CN.12/582) seemed to envisage the abolition of the traditional concept of reciprocal concessions. He felt that the subject could be more properly discussed by GATT. The representative of the European Economic Community might wish to comment on that point.

He noted the observation in the report that some time would have to elapse before the Latin American common market countries could be expected to expand their trade with the rest of the world and that the first impetus must come from the large industrial centres. He felt, on the contrary, that the Latin American free-trade area would stimulate trade with other areas and that the intermediate period mentioned in the report would not be necessary.

Mr. MARQUEZ (Centro de Estudio Monetarios Latinoamericanos) congratulated the Executive Secretary on his admirable article entitled "Economic Development or Monetary Stability: the False Dilemma". While there are some points on which he did not entirely agree, he was not sure whether that was not attributable, for instance, to a misinterpretation of the terminology used. One example was the reference to the effectiveness of monetary policy in dealing with a situation of cost inflation. He was not clear whether the statement implied that monetary policy was unduly effective and that if used to combat cost inflation it might also abolish development. Again, the implication might be that monetary policy should not be used at all or that it should be used not alone but in combination with a specifically directed investment policy. His own view was that monetary policy was useful in combating any inflationary situation but should not be applied alone. A good

/economic policy

economic policy must not be based on a single weapon. Economic development was, in fact, a total war in which every weapon should be used.

A number of other points raised in the article should be the subject of careful study, particularly with respect to the influence of monetary policy and structural situations as factors of inflation and as anti-inflationary weapons. Such subjects should include the means of promoting the occupational or geographical mobility of productive factors, the relationship between fundamental and structural imbalance with respect to the desirability of devaluation in some situations of imbalance, the consideration of exchange stabilization plans, and the relative impact of credit restrictions on investment. CEMLA offered its full co-operation in carrying out these studies, which could contribute to the achievement of economic development in the countries of Latin America.

The meeting rose at 6.55 p.m.

UNITED NATIONS

ECONOMIC
AND
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PROPIEDAD DE
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E/CN.12/AC.47 and AC.49/SR.1
12 May 1961

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA
Ninth Session
Santiago, Chile

JOINT MEETING OF THE ECONOMIC AND SOCIAL DEVELOPMENT COMMITTEE
AND THE GENERAL BUSINESS COMMITTEE

PROVISIONAL SUMMARY RECORD OF THE FIRST JOINT MEETING
Held at Santiago on Thursday, 11 May 1961, at 4.5 p.m.

CONTENTS:

Activities relating to technical assistance and the preparation of investments in Latin America

- (a) Technical assistance activities (E/CN.12/553, E/CN.12/588 and E/CN.12/546/Rev.1)
- (b) Assistance from the United Nations Special Fund in the preparation of possible investments (E/CN.12/571)

Programme of work and priorities

- (c) Decentralization of the United Nations economic and social activities and strengthening of the regional economic commissions (E/CN.12/564, E/CN.12/572 and E/CN.12/599)

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/PRESENT

PRESENT:

<u>Chairman:</u>	Mr. KROON	(Kingdom of the Netherlands)
<u>Members:</u>	Mr. FIGUERERO	Argentina
	Mr. ZALLES	Bolivia
	Mr. PIÑERA	Chile
	Mr. VOLLERT	Colombia
	Mr. BOLAÑOS	Costa Rica
	Mr. NOYOLA	Cuba
	Mr. JATIVA	Ecuador
	Mr. CUELLAR	El Salvador
	Mr. KOJEVE	France
	Mr. PAREDES REGALADOS	Honduras
	Mr. KAUFMANN	Kingdom of the Netherlands
	Mr. GARCIA REYNOSO	Mexico
	Mr. LEON	Peru
	Mr. LAM	United Kingdom of Great Britain and Northern Ireland
	Mr. KELAKOS	United States of America
	Mr. RUOCCO	Uruguay
	Mr. FERNANDEZ	Venezuela

Associate member of
the Commission:

Mr. ROWACHEE	British Guiana
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ALSO PRESENT:

Observers from States
Members of the United
Nations not members of
the Commission:

Mr. BRUNNER	Austria
Mr. TREMBLAY	Canada
Mr. ALMASSY	Czechoslovakia
Mr. CUNEO	Italy
Mr. ANDO	Japan
Mr. CHABASINSKI	Poland
Mr. PAMFIL	Romania
Mr. PETERSEN	Sweden
Mr. KOSSAREV	Union of Soviet Socialist Republics
Mr. LJUBA	Yugoslavia

/Observer from

Observer from a State not a Member
of the United Nations, attending
in a consultative capacity:

Mr. HOFF

Federal Republic of Germany

Representatives of
specialized agencies:

Mrs. FIGUEROA

International Labour Organisation

Mr. MOSER

Food and Agriculture Organization

Mr. VERA

United Nations Educational,
Scientific and Cultural
Organization

Mr. MEYER

International Bank for Recon-
struction and Development

Representative of
the International
Atomic Energy Agency:

Mr. FREEMAN

Representatives of inter-
governmental organizations:

Mr. CARDENAS

Inter-American Development Bank

Mr. MAGARIÑOS

Inter-American Free Trade
Association

Mr. LAGO CARBALLO

Inter-governmental Committee
for European Migration

Mr. LERDAU

Organization of American States

Secretariat:

Mr. PREBISCH

Executive Secretary

Mr. HEURTEMATTE

Commissioner for Technical
Assistance

Mr. GARCIA

United Nations Technical
Assistance Board

Mr. SWENSON

Deputy Executive Secretary

Mr. VALDES

Secretary of the Joint Committee

ACTIVITIES RELATING

ACTIVITIES RELATING TO TECHNICAL ASSISTANCE AND THE PREPARATION OF INVESTMENTS
IN LATIN AMERICA

- (a) Technical assistance activities (E/CN.12/553, E/CN.12/588 and E/CN.12/546/Rev.1)
- (b) Assistance from the United Nations Special Fund in the preparation of possible investments (E/CN.12/571)

PROGRAMME OF WORK AND PRIORITIES

- (c) Decentralization of the United Nations economic and social activities and strengthening of the regional economic commissions (E/CN.12/564, E/CN.12/572 and E/CN.12/599)

Mr. HEURTEMATTE (Commissioner for Technical Assistance) said that United Nations technical assistance had become a major means of disseminating scientific and technical information of a type that at one time nations had kept to themselves as jealously guarded secrets. ECLA was playing a dynamic part in such programmes in Latin America. One effect of the administrative integration of the technical assistance services into the Department of Economic and Social Affairs had been to bring about closer ties between those services and ECLA, whose influence and authority in the field of technical assistance in Latin America had greatly increased. He was pleased to note that there was now a general realization that to carry out a large number of separate projects, requiring separate experts, was a waste of resources and that the greatest impact could be made with co-ordinated programmes; he referred in that connexion to the work of such advisory groups as that working in Bolivia, consisting of a team of experts under ECLA's direction, a procedure which made possible a wider use of the resources of a regional commission in national programmes.

It was clear from the documents relating to decentralization (E/CN.12/564, E/CN.12/572 and E/CN.12/599) that some formerly centralized functions had already devolved upon ECLA. An earlier attempt to transfer centralized
/technical assistance

technical assistance functions to the Santiago and Mexico offices in 1956-58 had not been successful, because although officials had been transferred there had been no real transfer of functions. During the preceding ten years, there had been a rapid evolution in the functions of the regional economic commissions and they had been considerably strengthened. He referred to paragraph 318 of the consolidated report by the Committee on Programme Appraisals (E/3347/Rev.1), which pointed out that the experts, planners and administrators concerned with primary responsibilities for the economic development of their respective countries in the several regions met in the regional economic commissions rather than in the General Assembly or the Economic and Social Council. Some changes in the present pattern of operation would undoubtedly emerge as a result of the consultations between the Secretary-General and the regional economic commissions; Dr. Prebisch had produced a most useful paper on that subject (E/CN.12/599).

With respect to the technical assistance programme itself, there had been a slight increase in activities in 1960 compared with 1959 and it appeared that there would be a substantial increase during the two-year period 1961-62, especially if the figures for Special Fund Projects were included. At the special request of the Secretary-General considerable additional funds had been allocated for the Expanded Programme and the total budget for the regular programme amounted to 5.5 million dollars. Thus it would be possible to meet the needs of the many newly independent countries without prejudice to existing programmes. The new two-year programming procedure had simplified programming and it was expected that at its next session the Technical Assistance Committee would approve the programming of individual projects for the whole period required for execution. The main projects in the region were those for which ECLA was responsible, together with the Central American Integration programme in which the Food and Agriculture Organization and the International Labour Organisation were also co-operating. ECLA's services were also being used by the Central American Research Institute for Industry (ICAITI) and the Advanced School of Public Administration for Central America (ESAPAC).

/He referred

He referred to programming activities and expressed the hope that the gradual evolution in that field over the preceding ten years would culminate in the establishment of a training centre for economic development programming.

Mr. GARCIA (Technical Assistance Board) introduced the information paper on technical assistance provided in 1960 to countries and territories of the ECLA region under the Expanded and regular programmes (E/CN.12/553). Despite the severe reductions in the contributions to the Expanded Programme in 1960 and the pressing requirements of newly independent countries, the level of technical assistance to Latin American countries had been not much below that for 1959 - 7.2 million dollars compared with 7.5 million - and in addition there had been an increase in the regular programmes of the specialized agencies, reflected in the higher total of experts and fellowships compared with 1959. There had also been an increase in contributions to emergency funds, mainly as a result of the Chilean earthquakes. There had been a considerable increase in the contributions to the Expanded Programme for 1961, the Latin American contribution of 2.2 million dollars being 15 per cent higher than that for 1959. Funds allocated for the 1961 programme for Latin America, including the supplementary programme for Chile, were 868,622 dollars more than for 1960. The rapid expansion of Special Fund activities in 1960 had been accompanied by closer substantive and administrative relations between that body and the Board. The responsibilities of Resident Representatives continued to increase and the Board had consequently expanded the staff of its Latin American offices in order to improve the facilities available to Governments in connexion with the formulation and execution of the technical assistance programme.

Mr. PINERA (Chile) referred to document E/CN.12/553 and expressed Chile's gratitude for the emergency technical assistance received in connexion with the 1960 earthquakes. He noted with approval the work of the advisory groups, from one of which Chile was receiving valuable assistance, and the intensive training courses in economic development organized in a number of countries.

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With regard to the joint ECLA/BTAO Economic Development Training Programme (E/CN.12/588), he expressed the hope that the possibility might be considered of including a course on educational programming. Chile had joined with Colombia and Venezuela in submitting to the Special Fund a request for the establishment of a Latin American Institute for Economic Development Programming, which would in practice be a continuation of the joint ECLA/BTAO programme, with the technical and financial assistance of the Special Fund and perhaps of the Inter-American Development Bank and other institutions. He hoped that action could be taken on the matter at the present session.

Referring to the Information Paper prepared by the United Nations Special Fund (E/CN.12/571), he said that Chile had received valuable aid from the Special Fund in surveys relating to natural resources. It was hoped that further aid would be received in the fields of fisheries and manpower training. Chile strongly supported the Special Fund's policy with respect to fields of activity, as also the idea that it should assist Governments in close collaboration with the regional economic commissions.

In connexion with the report on the teaching of economics in Latin America (E/CN.12/546/Rev.1) he drew attention to the draft resolution submitted by Chile on the extension and improvement of education (Conference Room Paper No 6/Rev.1).

With respect to the decentralization of economic and social activities, he supported the view expressed in paragraph 4 of the Executive Secretary's report (E/CN.12/599) with regard to the possible future extension of the contribution of the regional economic commissions to technical assistance activities. He also agreed with paragraph 18 of chapter VII of the report on economic development, planning and international co-operation (E/CN.12/582) regarding the three basic flaws which needed to be eliminated from technical assistance and with paragraph 19 regarding the need for systematic action in the fields of surveys of natural resources, technological research and technical training, and he endorsed the views expressed in paragraph 27 on the essential role of a development plan.

/Mr. KAUFMANN

Mr. KAUFMANN (Kingdom of the Netherlands) said that the purpose of decentralization should be to establish an international administrative structure and a modus operandi which would ensure optimum results. Such a structure could only emerge if centralization and decentralization were combined as much as possible. Some activities could be carried out more effectively if centralized, whereas others would benefit from decentralization. For instance, the general policy to be applied in spending technical assistance programme funds should be laid down by central organs. The regional commissions would naturally play an essential part in both the determination and the application of that policy.

He agreed with the general principles regarding the process of decentralization, as outlined in paragraph 7 (a), (b) and (c) of document E/CN.12/564. It was stated in paragraph 7 (c) that no uniform solution could be attempted for the organizational and administrative problems involved in the operational programmes of the United Nations because they varied substantially from case to case. He nevertheless hoped that efforts would be made to find a uniform solution; the suggestion made by the Executive Secretary of ECLA that the Technical Assistance Recruitment Services might be requested to consider attaching one of its officers to ECLA might be the first step towards a uniform solution.

Mr. KELAKOS (United States of America), referring to the question of decentralization, said that there was a role both for regional commissions and for United Nations headquarters. Decentralization should be carried out in such a way as not to detract from the activities of the Economic and Social Council and the specialized agencies, which were independent organs related to the United Nations.

Decentralization would have a considerable effect on the substantial benefits that could accrue from any particular activity. Many activities did not lend themselves to decentralization; hence a combination of centralization and decentralization was required. In that connexion paragraph 318 of the report Five-Year Perspective, 1960-1964 (E/3347/Rev.1), relating to the decentralization effected by the specialized agencies, was relevant. There should be no duplication of effort in decentralizing
/the activities

the activities of the specialized agencies and those of the regional commissions. He hoped that the Commissioner for Technical Assistance could assure him that his reference to decentralization in respect of regional commissions was confined to the decentralization of those particular technical assistance programmes for which the United Nations were the executing agency and did not concern the specialized agencies. He would also like to know how an operational technical assistance unit, if set up in ECLA, would be financed, whether the funds would come from the general funds of the United Nations or from the Expanded Programme of Technical Assistance, or whether additional funds would have to be provided for in the regular United Nations budget.

The United States delegation had the greatest confidence in the ability of the Secretary-General and felt that he should be allowed to use his staff as he deemed fit. ~~The secretariats~~ of the regional commissions were extensions of ~~the Headquarters Secretariat~~ and if the Secretary-General felt that he ~~could make~~ better use of them, the United States would support him.

Mr. NOYOLA (Cuba) said that the decentralization of the United Nations economic and social activities and the strengthening of the regional economic commissions would make an important contribution to the safeguarding of the independence of the regional commissions in their work. The draft resolution on co-operation with the Organization of American States adopted at the previous meeting of the General Business Committee, against which Cuba had cast the only negative vote, had weakened the possibility of independent action by ECLA. Cuba felt that, if the United States had reservations about decentralization, it was obviously a useful undertaking for Latin America, and would therefore vote in favour of the draft resolution on decentralization, (Conference Room Paper N° 24).

Mr. HEURTEMATTE (Commissioner for Technical Assistance), replying to the first question raised by the United States representative, said that the proposed decentralization would relate only to the technical assistance functions now being performed by United Nations Headquarters; and not to those undertaken by the specialized agencies. He could not reply to

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