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ECONOMIC COMMISSION FOR LATIN AMERICA

Tenth Session

Mar del Plata, Argentina, 6 to 18 May 1963

COMMITTEE ON ECONOMIC AND SOCIAL DEVELOPMENT

SUMMARY RECORD OF THE THIRD MEETING

Held at Mar del Plata, Argentina,  
on Saturday, 11 May 1963, at 10.30 a.m.

CONTENTS:

- Economic and social development of Latin America (continued)
- Progress of planning in Latin America (continued)

## PRESENT:

Chairman:

Mr. SANABRIA (Paraguay)

Members:

Mr. MARTINEZ Argentina

Mr. ARAMAYO ANZE Bolivia

Mr. BARBOSA DE OLIVEIRA Brazil

Mr. ROY Canada

Mr. FUENZALIDA Chile

Mr. NARVAEZ Colombia

Mr. AZOFEIFA Costa Rica

Mr. SERRANO Cuba

Mr. LOOR Ecuador

Mr. TRECA France

Mr. MORSINK Kingdom of The Netherlands

Mr. GAITAN Nicaragua

Mr. SANDOVAL Paraguay

Mr. BAILETTI Peru

Mr. TURNAGE United States of America

Mr. MALDINI Uruguay

Mr. LEDESMA Venezuela

## ALSO PRESENT:

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

Mr. HOFINGER Austria

Mr. TANI Japan

Mr. MARTENSON Sweden

Mr. GORGASSIDZE Union of Soviet Socialist Republics

Representatives of  
specialized agencies:

Mr. LEMA United Nations Educational, Scientific and Cultural Organization

/Representatives of

Representatives of  
intergovernmental  
organizations:

Miss DELHAYE

European Economic  
Community

Mr. LAGO

Inter-Governmental  
Committee for  
European Migration

Mr. REY

Inter-American  
Development Bank

Mr. BANZAS

Organization of  
American States

Secretariat:

Mr. BALBOA

Secretary of the  
Committee

Mr. CABELLO

Secretary of the  
Committee

ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA (continued)

Mr. FUENZALIDA (Chile) said that there was a striking similarity between the factors which interfered with a more vigorous economic development in Chile and those observed in other Latin American countries. Chile suffered from low per capita income, great inequality in the ownership of wealth and the distribution of income, a slow and irregular long-term increase of gross production, low cultural standards, a high level of illiteracy, high mortality and morbidity rates, dependency on one export product, etc.

Those factors would have to be borne in mind in order to understand the changes in political attitude and in economic expectations that were occurring. After the failure of the economic liberalism that had come to an end with the great Depression and subsequently of protectionism and other orthodox economic tools, nearly all the Latin American countries were adopting or preparing to adopt planning systems.

It was important to realize that that trend was due to the general conviction that the problems of economic development, of social progress and of moving forward towards greater equality of opportunity could not be left to the mercy of the market-place. That method had been tried and found wanting. There had to be some force in the economy pressing for progress and for that there was no more suitable instrument than the State, although much remained to be done in Latin America to fit it for its new role.

He wished to touch on a few of the more urgent social and economic problems that had to be faced. Latin American development plans aimed at maximum growth for each economy, apparently without giving due consideration to manpower considerations. In view of the population explosion and the large-scale migratory movements referred to by Mr. Prebisch in his statement in plenary, there was the danger of tremendous increases in urban manpower. That was why many planning experts considered it necessary to put forward alternative projects based on processes of varying degrees of labour-intensivity. Since it appeared that higher employment rates could be achieved only at the

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expense of the growth rate of production, it was important to adopt policies that would achieve the optimum combination of full employment and rapid development objectives. It was paradoxical that countries where labour was relatively cheap were applying the same processes of mechanization and automation as those where labour was scarce.

In Chile and other Latin American countries industrialists tried to reduce the labour component in the production process in order to avoid the consequences of labour unrest, and to ease the burden of social security charges, which in Chile amounted to almost 50 per cent of wages. That was an absurd solution, for it not only discouraged the absorption of the unemployed but also increased the demand for capital in a country where it was most scarce. Perhaps it might be advisable to include in development plans a national policy on wages and prices and recommendations on practical ways and means of ensuring compliance by workers and employers. It might also be well to reconsider the methods generally used to finance social security benefits and to study the possibility of recourse to a sales tax on final products.

Another shortcoming was the lack of coherence between development plans and the political conditions in which they had to be applied. Production growth rates of 2 to 3.5 per cent per capita could not be achieved without structural reforms in taxes, land tenure and utilization, public administration and other fields. However, there was an enormous contrast between the speed of structural reforms implicit in development plans and the slowness of Latin American legislative processes.

The role of education in improving social and economic standards was of extreme importance. Nevertheless, there was little evidence of an educational reform in Latin American countries which would shift the existing emphasis on academic education towards vocational training. Radical changes were needed in the patterns of primary, secondary and higher education so that the mass of pupils and students were taught how to earn a livelihood instead of spending years preparing for the pleasures of a life of culture which they could never enjoy, condemned as they were to a life of poverty.

/Although development

Although development plans called for enormous investments, it was notable that in most countries there was very little in the way of specific projects for accumulating the funds required, and implementation of the plans depended too much on difficult and time-consuming negotiations for outside financing. While it was easy enough to deal with the public sector in that respect, development plans were only recommendations so far as the private sector was concerned, because there was no authority that could order a private enterprise to make the investments or achieve the output envisaged in the plan. Incentives in the form of monetary, foreign exchange, financial, wage and marketing policies appeared to be ineffective when there was reluctance on the part of the private sector, and it was difficult to conceive of other stimuli.

The first two years of Chile's National Economic Development Plan for 1961-70 had demonstrated the existence of unforeseen difficulties. While the results in respect of output and investment had been highly satisfactory - 99 per cent of the 1961 and 1962 targets for gross national product had been attained - the actual pattern of financing had turned out to be far different from that envisaged in the plan.

It was the view of his delegation that the aspects to which he had referred should be incorporated in development plans. How that should be done was a question largely beyond the possibilities of national planning bodies which were concerned with so many immediate tasks. It required careful and patient study by ECLA and the other international agencies which had already contributed so much to the cause of development planning.

One of the obstacles encountered by Chile in the implementation of its development plan had arisen from its failure to estimate properly its manpower needs, both present and future. That omission was at present being remedied by the establishment of a committee on human resources, which was being greatly assisted by ECLA's work in that field. He would shortly submit a draft resolution paying a tribute to the Latin American Demographic Centre for its assistance and asking it to continue its valuable activities in manpower assessment.

PROGRESS OF PLANNING IN LATIN AMERICA (continued)

Mr. CABELLO (Secretariat) drew attention to the two basic documents on housing submitted for the Committee's consideration: the Secretariat note on the report of the Economic and Social Council Committee on Housing, Building and Planning (E/CN.12/681) and the provisional report of the Latin American Seminar on Housing Statistics and Programmes held in Denmark and Sweden in September 1962 (E/CN.12/647). In connexion with the first, he reviewed those recommendations of the Committee on Housing, Building and Planning established under Council resolution 903 C (XXXIV) which were particularly relevant to the work of the regional economic commissions.

With regard to the provisional report of the Latin American housing seminar (E/CN.12/647), discussion at the seminar had been based mainly on the experience of the European countries, but due regard had been given to the possibilities of adapting that experience to the special needs and conditions prevailing in Latin America. The report was of a preliminary nature and was subject to revision in the light of comments which might be made at the present session and by the participating organizations. In particular, advice on how to work out suitable methods for planning the housing sector in the countries of the American continent was sought from ECLA at the current session. Such methods were important for furthering one of the objectives specifically laid down at Punta del Este.

He reviewed the principal aspects of Latin American housing problems which had been discussed at the seminar. Emphasis had been laid on the failure of current housing construction activities to meet the needs of the growing population, the lack of skilled labour for the building industry and the insufficiency of investment in low-income housing projects. Although most Latin American countries had established national housing institutes, few had actually set in motion national housing programmes. The seminar had recognized that the housing problem in Latin America could only be tackled by means of a balanced plan, based on statistical data, and integrated in the general plan of economic and social development in each country so that it could be adjusted in the light of changes in other sectors of the economy. Such a plan should rest on estimates of the

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proportion of investment to be allocated to housing programmes, the distribution of those funds among various types of building projects on the basis of the income levels of the people who were to live in them, and the Government's share in financing such projects. It was agreed that the primary objective of a housing programme should be to ensure the construction of a minimum number of dwellings properly distributed, to absorb the population increase and meet the accumulated needs of the present population. It was further agreed that the statistical data on housing available in Latin America for purposes of planning were both insufficient and inadequate.

Finally, he summarized and brought to the attention of the Committee the general conclusions reached by the seminar (E/CN.12/647, paras. 578-582), stressing that Latin America could not afford to wait for an improvement in its methods of establishing and collecting statistics before improving its housing programmes.

The CHAIRMAN suggested that the Committee should adjourn its formal meeting and reconvene as a working group on planning.

It was so agreed.

The meeting rose at 11.15 a.m.