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ECONOMIC COMMISSION FOR LATIN AMERICA
Eighth Session
Panama City, Panama

COMMITTEE I
(Economic Development)

SUMMARY RECORD OF THE THIRD MEETING

Held at Panama City on Wednesday, 20 May 1959, at 10.05 a.m.

CONTENTS:

Technical assistance for economic development
(Conference Room Paper No. 15)

Economic development problems and policy:

(c) Economic policy (Conference Room Paper No. 17/Rev.1)

(d) Manpower problems (Conference Room Paper No. 4)

Economic development and integration of Central America

/PRESENT:

PRESENT:

<u>Chairman:</u>	Mr. CASTILLO	(Nicaragua)
<u>Members :</u>	Mr. BALDINELLI	Argentina
	Mr. HAUS SOLIZ	Bolivia
	Mr. ROSSI	Brazil
	Mr. ALMEIDA SANTOS	
	Mr. MARTY	Chile
	Mr. DIAZ	Colombia
	Mr. MORERA BATRES	Costa Rica
	Mr. MONSERRAT	Cuba
	Mr. PITARQUE	Ecuador
	Mr. SANCHEZ AGUILLON	El Salvador
	Mr. LETONDOT	France
	Mr. FUENTES MOHR	Guatemala
	Mr. MENDOZA	Honduras
	Mr. URQUIDI	Mexico
	Mr. OCADIZ	
	Mr. LICHTVELD	Netherlands
	Mr. GUERRERO	Nicaragua
	Mr. CARLES	Panama
	Mr. CHAMORRO	Paraguay
	Mr. PARDO HEEREN	Peru
	Mr. BARNES	United Kingdom of Great Britain and Northern Ireland
	Mr. PROPPS	United States of America

/Mr. PONS

Mr. PONS

Uruguay

Mr. JATAR DOTTI

Venezuela

ALSO PRESENT:Observers from
States not members
of the Commission:

Mr. RICHARDSON

Canada

Mr. HOKES

Czechoslovakia

Mr. HOLLAI

Hungary

Mr. BARBOSI

Italy

Mr. KANEDA

Japan

Mr. STRUS

Poland

Mr. SANCHEZ BELLA

Spain

Mr. MIKHAILOV

Union of Soviet
Socialist Republics

Mr. EL-TAHRI

United Arab Republic

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

Mr. ENGELS

Federal Republic of
GermanyRepresentatives of
specialized agencies:

Mr. EZEKIEL

Food and Agriculture
Organization

Mr. PERRY

International Bank for
Reconstruction and
Development

Mr. PENNA

United Nations
Educational, Scientific
and Cultural Organization/Representatives of

Representatives of
inter-governmental
organizations:

Mr. de GERMAIN	European Coal and Steel Community
Mr. FANIEL	European Economic Community
Mr. EPINAT	Inter-Governmental Committee European Migration
Mrs. KYBAL	Organization of American States

Secretariat:

Mr. PREBISCH	Executive Secretary
Mr. HEURTEMATTE	Commissioner for Technical Assistance
Mr. SWENSON	Deputy Director
Mr. MALINOWSKI	Director, Regional Commissions Section
Mr. AHUMADA	Secretary of the Committee

/TECHNICAL ASSISTANCE

TECHNICAL ASSISTANCE FOR ECONOMIC DEVELOPMENT (Conference Room Paper No. 15)

Mr. HEURTEMATTE (Commissioner for Technical Assistance) made a
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statement.

Mr. EZEKIEL (Food and Agriculture Organization) said that as he feared his remarks at the previous meeting might have led to some misunderstanding of FAO's position with regard to economic development he would like to make a further brief statement on the proposal before the Committee. FAO was confident that the resources provided for in the draft resolution would enable ECLA to develop and expand still further the aid it had been offering to the Latin American countries in economic programming. ECLA and FAO had co-operated closely on the agricultural aspects of such activities in the past, and he was glad to see that the resolution provided for continuing co-operation along those lines.

Mr. URQUIDI (Mexico) expressed his Government's concern at the fact that Latin America's share in the assistance offered by the Expanded Programme of Technical Assistance was progressively decreasing, although some Latin American countries including his own, were making larger contributions to the Programme than in the past. He observed in that connexion that the establishment of the Special Fund should not be regarded as justification for reducing contributions to the Expanded Programme. He drew attention to the recently adopted Economic and Social Council resolution 700 (XXVI) concerning technical assistance country programming, which urged

1/ The full text of this statement has been circulated as Information Document No. 46

Governments to relate their requests for assistance to the economic development programmes or plans undertaken in their countries. Commissioner for Technical Assistance had spoken of the OPEX programme under which technical personnel would be provided who would act not as consultants but as administrative officials in the service of the requesting Governments. His Government felt that, if the services of that type of experts were required, the details could be worked out directly between the Governments concerned at the United Nations under the Expanded Programme, and that there was no need to set up a new corps of officials with administrative functions. His Government had raised serious objections to the OPEX proposal at the thirteenth session of the General Assembly and had been unable to vote for it. He had great hopes for the Special Fund, which would be in a position to finance much more ambitious projects than could the technical assistance organs. So far as the recent amalgamation of the Technical Assistance Administration with the Department of Economic and Social Affairs was concerned, he recalled that the majority of the Latin American countries had not favoured that step at the time when it had been discussed in the Fifth Committee. He had been glad to hear the Commissioner for Technical Assistance say, however, that the amalgamation would not affect the existing close collaboration between the Technical Assistance Administration and ECLA, for the Latin American countries were convinced that technical assistance resources could not be used to the fullest advantage unless ECLA's valuable experience was taken into account. The useful research and administrative work done in many Latin American countries by the personnel who had taken the training courses provided jointly by ECLA and TAA at

/Santiago was

Santiago was the best proof of the value of such courses. His Government would welcome the organization of an intensive course in Mexico at an appropriate time.

Mr. LICHTVELD (Netherlands) said that the documentation before the Committee gave an impressive picture of the range of technical assistance activities being carried out in Latin America. The change in the ratio of technical assistance contributions by Latin American countries to the share of assistance received by them unquestionably reflected the progress of economic development in the region. It was apparent that the Latin American countries were particularly interested in the part which technical assistance could play in economic development programming, particularly with regard to such essential activities as surveys of basic resources and the organization of administrative services. Although the Netherlands delegation had favoured the establishment of the Special Fund, it continued to hope that a fund would eventually be set up within the framework of the United Nations to finance investments on a major scale. The Netherlands would be one of the largest contributors to the Special Fund and had increased its contribution to the Expanded Programme for Technical Assistance. It hoped that in view of value of those programmes other countries would do likewise.

He described the technical assistance Surinam had received from the European part of the Kingdom and from FAO, UNICEF, the Caribbean Commission, Puerto Rico and the United States, and the uses to which that assistance had been put. The Netherlands, for its part, could offer extensive training facilities to students from other countries in such subjects

/as economic

as economic and social planning, public administration, social service, agronomy, hydraulic engineering, small business administration, aerial cartography and electronics.

In conclusion, he said that the Netherlands would be willing to support any sound programme designed to expand technical assistance to Governments in the western hemisphere.

Mr. ALMEIDA SANTOS (Brazil) said that the furtherance of economic development necessitated the introduction of new forms of technical assistance in addition to those which were already being applied. For example, technical assistance could be used to good advantage in financial and commercial studies of foreign markets for Latin American products. Similarly, greater consideration should be given to the advisability of sending students from countries in Latin America to other Latin American countries for training, rather than to schools in the more advanced countries, which, while they were equipped to offer general training along traditional lines, could not prepare students to face the problems peculiar to Latin America.

His Government was concerned at the decline which was taking place in technical assistance to Latin American countries at a time when their requirements were growing. It would therefore be wholeheartedly in favour of any measures which would serve to promote co-operation among United Nations bodies in meeting Latin America's technical assistance needs. He expressed his Government's satisfaction with the results of the training courses offered by ECLA in collaboration with the National Economic

Development Bank at Rio de Janeiro, and welcomed the forthcoming establishment of an ECLA office in that city.

ECONOMIC DEVELOPMENT PROBLEMS AND POLICY

(c) Economic policy (Conference Room Paper No. 17/Rev.1)

Mr. JATAR DOTI (Venezuela) welcomed the secretariat paper on the budget as an instrument for programming economic development (E/CN.12/521), which brought out the true importance of proper budgetary practices in developing the general conditions required for a country's advancement. Economic activities could not be satisfactorily planned except on a basis of sound monetary and fiscal policies. A properly prepared budget, in addition to reflecting the Government's long-term goals, gave confidence to private investors.

The budgets of many Latin American countries often failed to show the true pattern of public expenditure and capital formation. Moreover, some of them classified as investment only expenditure on tangible and profit-yielding items, whereas others also included under that heading expenditure on education and public health. Such conflicting practices seriously hampered any analyses of the general economic trends throughout the continent, since the principal objectives of the various countries were often obscured. Since the methods adopted thus far to remedy the situation had proved ineffective and wasteful, and the staff responsible for preparing the budgets needed training in modern techniques, the Venezuelan delegation, together with the delegations of Bolivia, Colombia, Costa Rica, Cuba and Uruguay, had submitted the draft resolution contained in Conference Room Paper No. 17/Rev.1

/which called

which called on the ECLA secretariat to undertake studies and other work designed to help the Latin American Governments to adopt effective budgetting procedures.

Mr. ROSSI (Brazil) described the work done in his country by the National Industrial Corporation, an organization composed of leaders of Brazilian industry, to meet the country's growing need for skilled manpower. In 1942 it had begun to establish a broad network of schools offering vocational training and night classes for adults. In certain of its activities it had collaborated closely with the agricultural sector and with the trade unions. An important new phase of its work was the training of immigrants, which was to include a six-months course given in the immigrants' countries of origin and a supplementary course of three or four months' duration in Brazil. Similarly, a programme had been launched to train workers in the rural northeast who would subsequently find employment in the industrial central and southern parts of the country. The training programme was financed by a 1 per cent deduction from the wage bill paid by the participating industries.

Mr. OCADIZ (Mexico) recalled that in 1955-57 the Industrial Research Department of the Bank of Mexico had made a survey of the manpower problems of the country's transforming industries. That survey, confined to professional, semi-professional and skilled technical staff, had revealed a considerable shortage of the necessary manpower even in the larger factories. In order to meet the needs of the industries considered, manpower of the required types would have to be increased by

/as much

as much as 50 per cent in the immediate future.

In view of those findings, and of the obvious needs in branches not covered by the survey, the Mexican Government had taken urgent measures with the help of the Technical Assistance Administration, UNESCO and the ILO, to expand its training facilities. The intensified training programme having already produced considerable numbers of professional, managerial and technical personnel, Mexico was well aware of the value of international co-operation in that field.

Mr. PENNA (United Nations Educational, Scientific and Cultural Organization) made a statement. ^{1/}

Mr. MONSERRAT (Cuba) introducing the draft resolution contained in Conference Room Paper No. 4, said that the sponsors fully shared the UNESCO representative's views. Since one of the principal obstacles to industrialization was the lack of qualified manpower, improved primary education was one the continent's most pressing needs. UNESCO deserved commendation for its continued efforts, the work of its regional office at Havana being of particular value to Latin America.

Mr. ALMEIDA SANTOS (Brazil) said that the shortage of trained manpower was particularly painful in a country like Brazil, which had already reached a promising stage of industrial development. It was vital to bear in mind that economic development depended not only on the accumulation of fixed assets, but also on the implementation of long-term

^{1/} The full text of this statement has been circulated as Information Document No. 43

educational policies designed to provide the skilled personnel necessary to speed industrial growth. But better supply of trained manpower was needed not only for industrialization, but also to increase productivity in agriculture and the other traditional Latin American spheres of activity. Such productivity could often be raised without any great capital expenditure simply by the introduction of modern techniques and skilled labour.

Both in industry and elsewhere the manpower problem was rendered even more acute by wide-spread illiteracy. Brazil had had particular difficulties with some of the inhabitants of its north-eastern region, who had had to be taught some of the most rudimentary facts before they could usefully assist in any industrial process. His delegation accordingly welcomed any proposal designed to bring about a reduction in the illiteracy rate.

Mr. DIAZ (Colombia) said that the paper presented by the Inter-government Committee for European Migration showed how planned migration could contribute to Latin American development, and indicated the various ways in which the ICEM could help Governments.

Skilled labour was vital to economic development, for it not only increased the productivity of existing capital but also attracted new capital from outside. Latin America, however, although not essentially under-populated, lacked the necessary numbers of skilled workers, and consequently had to rely simulataneously on a long-term process of improving its own training facilities and on organized immigration. In that connexion, the I.C.E.M. had since its establishment in 1955 done much valuable work. Colombia's own relationship with that body was governed by a special agreement, which

/included provision

included provision for the reception of skilled workers, for family reunions schemes and for group settlement.

In stressing the value of the work done by the I.C.E.M. he did not mean to belittle the contribution also made by the ILO, UNESCO and other organizations. Studies of manpower problems should be continued on as broad a basis as possible.

Mr. BALDINELLI (Argentina) said that the rapid growth of the transforming industries in Argentina during the past twenty years had led to a constantly growing demand for skilled workers. The technical training facilities created to meet that demand had unfortunately proved inadequate, the quality of the skilled workers produced varying greatly. The difficulties were primarily due to insufficient instructional equipment, inadequate premises and a shortage of full-time teachers. As a result of that situation, some manufacturers had established training centers at the factories; but even that had proved only a partial remedy. Matters were made worse by the vast accumulation of old motor-vehicles, the maintenance of which absorbed the services of many mechanics who would be more profitably employed in the factories.

The difficulties were not confined to industry: the lack of skilled labour also hampered the progress of soil erosion control work and delayed the introduction of modern techniques in agriculture. Nor had intensive training courses always sufficed to overcome the traditional conservatism of the farmers.

His Government was well aware of the need for action at all levels,

/and would

and would be the first to admit that even the universities of Argentina over-emphasized the theoretical side. It would therefore welcome any joint effort likely to bring nearer a satisfactory solution of the skilled labour problem.

Mr. IETONDOT (France) said that his delegation warmly supported the draft resolution in Conference Room Paper No. 4, not only because of France's traditional interest in education but also because it recognized the value of trained human material in economic development. Similarly, believing that investment in manpower was as important as investment in equipment, it welcomed all efforts to promote the orderly migration of skilled labour.

His delegation hoped that the Special Fund would devote a substantial part of its resources to training programmes. The French Government, for its part, would always be ready to provide teaching staff and to train some key personnel in France. In that connexion, he cited the work done by the Franco-Peruvian Technical Centre at Lima, which had helped to train not merely skilled workers and technicians but also teachers and highly specialized staff.

ECONOMIC DEVELOPMENT AND INTEGRATION OF CENTRAL AMERICA

Mr. MORERA BATRES (Costa Rica) made a statement ^{1/}

Mr. FUENTES MOHR (Guatemala) said that the full economic integration of Central America required both the extension of free trade and the introduction of uniform customs practices. The Central American countries, after due consideration, had decided that quicker results would be obtained by

^{1/} The full text of this statement has been circulated as Information Document No.44.

laying the initial stress on the latter, and the Treaty on Free Trade and Central American Economic Integration made provision for immediate uniformity in certain cases and for progressively wider uniformity in the future. The process might, in time, prove a valuable precedent for other countries. The agreed objective was complete uniformity, compensation systems having been rejected as excessively complex. The countries concerned had already agreed, among other things, on a uniform assessment of the c.i.f. value of products on which ad valorem duties were payable.

In the matter of customs nomenclature, uniformity had already been attained in respect of some 80 per cent of the products to which the Free Trade Treaty would apply, and the process would very shortly be completed.

Mr. SANCHEZ ACUILLON (El Salvador) thanked the ECIA secretariat for its help in the compilation of the report on the economic development of El Salvador (E/CN.12/495). The preliminary studies made for the report had greatly assisted his Government, by bringing out the most urgent problems facing the nation. The Government, had concluded that, in view of the falling demand for the country's traditional products and the consequent weakening of the internal market, the current rate of growth of the capacity to import could be maintained only by an adjustment of the entire economic structure. The studies had also confirmed that the oft-advocated policy of restricting imports and expanding exports could not solve the problems of Central America, where the proper road to development was clearly sub-regional integration.

In conclusion, he again stressed the value of economic surveys of the Central American countries as a step in devising common plans of action.

The meeting rose at 1.15 p.m.