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REPORT OF THE TWENTY-FIRST SESSION OF THE  
ECONOMIC COMMISSION FOR LATIN AMERICA  
AND THE CARIBBEAN



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## A. ATTENDANCE AND ORGANIZATION OF WORK

### Place and date of the session

1. The twenty-first session of the Commission was held in Mexico City from 17 to 25 April 1986, and in its course seven plenary meetings were held (224 to 230).

### Attendance

2. The session was attended by representatives of the following member States of the Economic Commission for Latin America and the Caribbean: Argentina, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, France, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, Portugal, Saint Lucia, Spain, Suriname, Trinidad and Tobago, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay and Venezuela.
3. The Netherlands Antilles, an Associate Member of ECLAC, also participated.
4. In accordance with article 6 of the Terms of Reference of the Commission, observers from the following United Nations member States which are not members of ECLAC were present in a consultative capacity: Australia, Austria, Belgium, Bulgaria, Czechoslovakia, Egypt, Federal Republic of Germany, Finland, Hungary, Israel, Italy, Japan, Lebanon, New Zealand, Norway, People's Republic of China, Philippines, Poland, Romania, Turkey, Union of Soviet Socialist Republics and Yugoslavia.
5. The session was also attended by Switzerland, a non-member of the United Nations.
6. The United Nations Secretariat was represented by Assistant Secretary-General Margaret Joan Anstee, Special Representative of the Secretary-General for Bolivia and Mexico, and by officials of the Department of Public Information (DPI), the Regional Commissions Liaison Unit, and the United Nations Centre for Human Settlements (UNCHS).
7. Representatives of the following organizations of the United Nations System attended the session: United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Fund for Population Activities (UNFPA), United Nations Industrial Development Organization (UNIDO), United Nations University (UNU), and World Food Programme (WFP).
8. The following United Nations specialized agencies were represented: International Labour Organisation (ILO), International Civil Aviation Organization (ICAO), International Maritime Organization (IMO), International Telecommunications Union (ITU), Regional Employment Programme for Latin America and the Caribbean (PREALC), United Nations Educational, Scientific and Cultural Organization (UNESCO), Universal Postal Union (UPU), World Bank, World Health Organization (WHO) and World Meteorological Organization (WMO).

9. The meeting was also attended by representatives of the following inter-governmental organizations: Andean Development Corporation (CAF), Board of the Cartagena Agreement (JUNAC), Caribbean Community (CARICOM), Central American Bank for Economic Integration (BCIE), Council for Mutual Economic Assistance (CMEA), European Economic Commission (EEC), Group of Latin American and Caribbean Sugar Exporting Countries (GEPLACEA), Inter-American Development Bank (IDB), Intergovernmental Committee for Migrations (CIM), Latin American Economic System (SELA), Latin American Integration Association (ALADI), Organization of American States (OAS), Organization of East Caribbean States (OECS), Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA).

10. The following non-governmental organizations granted consultative status by the Economic and Social Council were also present: Category I: International Confederation of Free Trade Unions (ICFTU), International Federation of Business and Professional Women (IFBPW), International Planned Parenthood Federation (IPPF), World Assembly of Youth (WAY), World Federation of Democratic Youth (WFDY), World Federation of Trade Unions (WFTU), World Federation of United Nations Associations and Zonta International. Category II: Baha'i International Community, Federation of Associations of Former International Civil Servants (FAFICS), Social Service International, Inter-American Planning Society (IAPS), Latin American Association of Development Financing Institutions (ALIDE), Lutheran World Federation, World Vision International, World Organization of the Scout Movement, International Union for the Scientific Study of Population (IUSSP). Roster: Latin American Association of Food Processors (ALICA), Latin American Social Sciences Council (CLACSO), Centre for Latin American Monetary Studies (CEMLA).

11. In the category of other non-governmental organization, the Association of Non-governmental Organizations, the Latin American Railways Association, the Confederación de Cámaras Industriales de los Estados Unidos Mexicanos, and the Third World Centre for Economic and Social Studies (CEESTEM) were also present.

#### Credentials

12. Pursuant to Rule 15 of the Commission's Rules of Procedure, the Credentials Committee reported that it had examined the credentials of the delegations as submitted to the Executive Secretary and had found them in order.

#### Opening ceremonies

13. At the opening ceremony of the technical stage of the session, which took place at 12 p.m. on Thursday 17 April, addresses were delivered by Mrs. María de los Angeles Moreno, Under-Secretary of Planning and Budget for Social and Regional Development, on behalf of the host country; by Mr. Francisco Azuero, Chief of the Public Investment Unit of the National Planning Department of Colombia, on behalf of the other member countries of the Commission and by the Executive Secretary of ECLAC, Mr. Norberto González.\*/

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\*/ For summaries of these addresses, see section C, "Summary of debates", paragraphs 48 to 50.

14. The ministerial stage of the twenty-first session of ECLAC was officially opened at 11 a.m. on Wednesday 23 April 1986 at the headquarters of the Ministry of Foreign Affairs of Mexico, and was honoured by the presence of H.E. Mr. Miguel de la Madrid Hurtado, Constitutional President of the United Mexican States.

15. At this opening meeting, statements were made, in the following order, by Mr. César Ferrari, Deputy Minister of Planning of Peru, in his capacity as representative of the country which had chaired the twentieth session of the Commission; by Mr. Norberto González, Executive Secretary of ECLAC; by Mr. Carlos Salinas de Gortari, Secretary of Planning and the Budget of Mexico, and finally by the Constitutional President of the United Mexican States, H.E. Mr. Miguel de la Madrid Hurtado.

16. The Deputy Minister of Planning of Peru stated that the significance of this biennial meeting of ECLAC was heightened all the more because it was taking place in the context of a deep economic and social crisis, on which the Secretariat had provided valuable information at the technical meeting which had preceded the Ministerial-level meeting. He went on to say that the conventional formulas adopted by the countries of the region had proved unsuccessful and the orthodox efforts undertaken by them had involved a high social cost and produced new economic and financial problems. In response to that situation, and in keeping with its own circumstances, Peru had decided, as from July 1985, to adopt a new economic, social and financial policy which was already yielding its first fruits. In that respect, his country stressed the need to re-examine the assumptions which had guided the region's development. The technicians and representatives of the various countries present at the meeting therefore faced a major task, and Peru wished them every success in their efforts.

17. The Executive Secretary of ECLAC began by saying that for most of the countries of Latin America and the Caribbean the first half of the 1980s had been lost as far as development was concerned, and added that, should present circumstances persist, many of them would lose the second half also. In those circumstances, he observed, it was vital to promote the recovery and growth of the economies of the region, which in turn required suitable domestic policies, a favourable external context and the promotion of international and regional co-operation.

18. After summarizing the central features of the crisis, the Executive Secretary analysed the external financing which it would be necessary to obtain if the level of per capita income which existed in the countries of Latin America and the Caribbean in 1980 were to be restored by 1990. He concluded that such financing would need to be significantly higher than that which the region had received in recent years, although its amount would be lower to the extent that international interest rates fell or there was an improvement in the terms of trade.

19. He then went on to consider the requirements which it would be necessary to meet if the adjustment and stabilization were to be made compatible with a recovery in economic activity. He emphasized that, first of all, this required a new approach to the problems of the external debt and to adjustment policies. In particular, he said, it was vital that debt servicing be subordinated to development,

/to which

to which end it was necessary for agreements to be reached between the governments of the debtor countries, private international banks, multilateral financial bodies and the governments of the creditor countries. In order to render adjustment and stabilization compatible with growth, it was necessary to adopt domestic policies of a selective nature and to strengthen international and regional co-operation. While the latter type of co-operation should help to stimulate recovery through a balanced increase in intra-regional trade, the former should help to achieve this aim by bringing down international interest rates, increasing net external financing and improving the conditions and terms under which this was granted. In that respect, he said, the initiative put forward by the United States Secretary of the Treasury constituted a positive measure, although the amount of additional financing which it would involve was clearly inadequate and it would bring about the application of conditionality which could restrict the autonomy of governments in defining their economic policies.

20. The Executive Secretary then considered a number of central features of the development strategies which it would be necessary to adopt in order to overcome the challenges which the countries of the region would face in the coming years. He concluded that such strategies would need to be based on a far greater effort of domestic saving and investment; on industrial, agricultural and mining policies which took full advantage of the opportunities for growth and change offered by the national, regional and international markets; on a proper and realistic harmonization between the roles of the market and planning and of measures taken by the government and the private sector, and on the achievement and maintenance of social commitments ensuring a fairer distribution of income and opportunities as well as more active participation by the various sectors and groups which make up society.

21. After mentioning the uncertainty caused by deep-seated imbalances<sup>5</sup> in the world economy which had a negative impact on the developing countries, the Secretary of Planning and the Budget of Mexico dealt with the impact which the slump in petroleum prices had had on the Mexican economy, which together with a number of structural problems, restricted his country's room for manoeuvre after three years of significant internal adjustment. In that respect, he mentioned the domestic measures which his government had taken to reduce public expenditure and increase tax revenue, together with the application of exchange, trade, foreign investment and tourism policies, in order to broaden its narrow leeway in the economic and social sphere. He stressed, however, that these efforts alone could not offset the sharp fall in petroleum prices and that the economic adjustment and servicing of the external debt called for a considerable effort of co-operation by international creditors if the country was not to be condemned to social decline, a drop in production and economic stagnation.

22. The President of Mexico, H.E. Mr. Miguel de la Madrid, after extending the most cordial of welcomes to the members of the Economic Commission for Latin America and the Caribbean, said that at the present time the region as a whole continued to be sunk in a deep crisis caused by the external debt. That indebtedness was the outcome of decisions made jointly --and therefore with shared responsibility-- by the developing and developed countries in the mid-1970s. However, in the early 1980s the basic economic orientations of the world had shifted, and the

/industrialized countries



industrialized countries had turned from their commitment to growth to the higher priority of fighting inflation. The developing countries' terms of trade had deteriorated and international interest rates had risen to unprecedented levels, due to a combination of restrictive monetary policies and expansionary fiscal policies in some of the great industrialized countries. The cost of the overall adjustment process of the world economy had been particularly --and unfairly-- high for the debtor countries and especially those of Latin America.

23. The improvement in the region's current accounts with the rest of the world had had as its counterpart a substantial and painful internal adjustment. The adjustment in the balance of payments had been achieved by reducing imports and investments, as a result of which the cumulative real growth of the region between 1980 and 1985 had been only 2.3% in comparison with 5.5% over the previous five years, which represented negative per capita growth of almost 9%. The crisis had caused a significant loss of social progress that would take years to regain.

24. There was no doubt --went on the President of Mexico-- that Latin America was an economically viable region with great and still undeveloped potential: its 400 million inhabitants represented a dynamic sector of the world's population and its enormous territory, with its ample natural resources, infrastructure and industrial apparatus, constituted a sound base on which to develop. Latin America should not fall pray to discouragement, since as a counterweight to the burden of the debt and the present adverse circumstances, it possessed the strength of its past achievements, which were a guarantee of the great things it could achieve in the future. The countries of Latin America were fully aware that the solution to their problems could not come from the outside but was essentially their own responsibility, and consequently, as part of their national development strategies, they were promoting the structural changes which would make it possible to lay new foundations for their economic growth and social progress on a stronger and more lasting basis, less dependent on the exterior.

25. However, it was unrealistic and unfair to argue that domestic effort and sacrifice alone, implying lower growth and a deterioration in levels of well-being, were sufficient to first of all check and then overcome the crisis. The process of domestic adjustment had become an obstacle to any fundamental solution of the problems facing the debtor economies, as funds which could have been used to promote investment and increase export capacity were being employed to make net external transfers. Moreover, the difficulties encountered in ensuring the debt servicing fostered a climate of uncertainty, discouraged productive activity and could lead to social unrest. The present situation must not be allowed to continue, and the problem of the debt must be tackled in four important aspects: adjustment of debt servicing to the actual repayment capacity of the countries of the region; efficient financing mechanisms; the opening-up of markets in order to make it possible to export so as to strengthen the capacity for growth and repayment, and the creation of a favourable international environment. Mexico firmly demanded the urgent restructuring of world economic relations. It believed that problems should be responsibly dealt with by all parties concerned, while the solutions should be shared, equitable and permanent.

26. Many countries of the region were at present carrying out a process of national renovation. In keeping with that trend, ECLAC too should set about its own internal renewal, as it was responsible for actively promoting preparation of economic analyses that might contribute to an ordered in-depth discussion of Latin America's development strategies. The coming years would be a critical period for the region, as fundamental changes in the international sphere would continue to be consolidated, with a profound long-term impact on Latin America, while short-term macroeconomic policies would continue to be subject to multiple pressures and would be marked by the inescapable necessity to reconcile economic growth with overall stability and social development with adjustments in the productive structures. The President identified four areas for serious reflection, within the framework of a re-examination of Latin American development: first of all, ECLAC should carry out an in-depth analysis of the economic stabilization schemes proposed by different international organizations and of the experiences of the different countries of the region; secondly, ECLAC should deepen its analysis of the inter-relationships between the different approaches to a global solution to the Latin American debt problem and the establishment of a new international financial system; thirdly, it should become involved in providing feedback for the philosophy of structural changes being promoted by a number of countries in the region, such as adjusting national productive processes to new technological patterns and integrating the region in the world economy, and finally, ECLAC should evaluate the role that true intra-regional co-operation could play in the future economic development of the countries of the region. In view of the foregoing, he called upon ECLAC to promote a special conference to encourage an ordered analysis of those four topics, at which he was sure that intelligent and resolute proposals would emerge from the region itself, and he issued an invitation for that conference to be held in Mexico City late in 1986.

27. President de la Madrid then proceeded to declare officially open the twenty-first session of the Economic Commission for Latin America and the Caribbean.

#### Election of Officers

28. At the 224th meeting, as agreed at a meeting of the Heads of Delegations held earlier that day, the Officers of the twenty-first session of the Commission were elected, as were those of the five committees \*/ set up to consider the various agenda items.

29. The Officers of the twenty-first session were as follows:

<u>Chairman:</u>	Carlos Salinas de Gortari (Mexico)
<u>First Vice-Chairman:</u>	Bernardo Grinspun (Argentina)
<u>Second Vice-Chairman:</u>	Ernesto Meléndez (Cuba)
<u>Third Vice-Chairman:</u>	Thomas Kasteel (Netherlands)
<u>Fourth Vice-Chairman:</u>	Louis H. Boothe (Jamaica)
<u>Rapporteur:</u>	Ovigildo Herrera (Panama)

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\*/ For the Officers of the Committees, see paragraphs 33 to 35 below.

30. With regard to the election of Officers, the delegation of the United States requested that the following text be placed on record:

"The United States delegation has come to this meeting to work, to listen and to discuss the many important economic, social and development issues that have been outlined in this very full agenda.

"We want this to be a productive and effective meeting.

"We are surprised and concerned over the nomination of Cuba and Nicaragua to positions of importance at this meeting, and this delegation must object to this designation.

"We have reviewed Cuba's and Nicaragua's contributions, as reported in ECLAC reports of the many recent meetings sponsored by this organization, and have found them economically unsound and, more importantly, potentially disruptive to the serious dialogue we seek here.

"An essential characteristic for any Plenary and Committee Official is the ability to weigh difficult points of view and strike a fair and realistic balance among them.

"This, I fear, Mr. Chairman, may not be possible if members of the delegations of Cuba and Nicaragua assume the important positions of Second Vice-Chairman of the Plenary and First Vice-Chairman of the Human Settlements Committee, respectively.

"Mr. Chairman, we consider the role of the free market and private sector initiatives, among others, as being critical to the successful resolution of the economic problems we in the free world face today.

"It is not appropriate to have delegations that do not support this approach --and, in fact, counter it whenever possible-- in positions to influence the important discussions we are holding here.

"Lastly, Mr. Chairman, the delegate of Cuba asserted that his delegation has the sovereign right to the position proposed for his delegation.

"Let me remind the delegate of Cuba that this is a democratic organization, based on democratic principles, and while any member of this organization has the right to be nominated for positions, we as a democratic organization and this delegation as a member have the right to object to any nomination and to vote democratically on it.

"Mr. Chairman: this delegation objects to the nomination of Cuba and Nicaragua to the positions proposed for them. Thank you."

31. The delegation of Cuba also submitted the following text to the Secretariat for inclusion in the report:

"The delegation of Cuba feels obliged to respond to the attack made by the delegation of the United States against the election of Cuba to an important post at this conference.

"The behaviour of the delegate of the United States is not surprising, since his Government absurdly persists in trying to isolate our country by all means possible. Several United States administrations, including the present one, have tried this without success.

"Cuba is an independent and sovereign country which fully exercises its rights. History has repeated itself and once again the United States stands

/alone. It

alone. It tried to isolate Cuba in the Committee of the Whole during the ECLAC meeting last year in Buenos Aires, but there again it found itself alone when Latin America and the Caribbean unanimously and categorically rejected the United States attitude.

"Latin America is plunged into a deep and serious economic crisis, without parallel in history, which is part of the general international crisis and is caused primarily by the economic, trade and financial relations imposed by the United States on the countries of the region. This has led, inter alia, to economic stagnation, unfair terms of trade and lower living standards, requiring great effort on the part of our governments and enormous sacrifices by our peoples. Paradoxically, our region has, at the same time, become a net exporter of financial resources to the United States.

"It is therefore regrettable that, as we the Latin American and Caribbean people are meeting in this forum to try and find ways to solve these pressing problems, the delegation of the United States, which one presumes has come to the Economic Commission for Latin America and the Caribbean for the same purpose, should from the very beginning of the session strike a jarring note and hinder the consensus required to achieve our objectives.

"We are very pleased to be one of the Vice-Chairmen of the twenty-first session of ECLAC and we shall spare no efforts to achieve the success of this meeting. We shall strive to find the means of bringing a solution to the serious economic problems facing the countries of Latin America and the Caribbean and we appreciate the trust that has been placed in us."

#### Committees

32. Five committees, open to all the delegations taking part, were set up to discuss the various items of the agenda. Three of them were statutory sessional committees set up pursuant to decisions previously adopted by ECLAC.

33. Committee I dealt with implementation of the International Development Strategy and the prospects for Latin America and the Caribbean for the rest of the 1980s in the light of the evolution of the crisis (agenda item 3); the external debt of Latin America and the Caribbean (agenda item 4); and stabilization, adjustment and reactivation policies for the economies of Latin America and the Caribbean (agenda item 5).\*/ The Committee's work was guided by the following Officers:

<u>Chairman:</u>	Colombia
<u>First Vice-Chairman:</u>	El Salvador
<u>Second Vice-Chairman:</u>	Belize
<u>Third Vice-Chairman:</u>	France
<u>Rapporteur:</u>	Costa Rica

34. Committee II reviewed the meetings of auxiliary bodies, and regional meetings sponsored by ECLAC in preparation for United Nations world conferences: conclusions and recommendations (agenda item 9); other activities of the ECLAC system since the twentieth session, and programme of work of the Commission for the biennium

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\*/ See the corresponding report in paragraphs 51 to 95 below.

1988-1989 (agenda item 10); calendar of conferences for the period 1986-1988 (agenda item 11), and Rule 2 of the Rules of Procedure of the Commission (agenda item 12).\*/ The Officers of Committee II were:

Chairman: Uruguay  
First Vice-Chairman: El Salvador  
Second Vice-Chairman: Spain  
Rapporteur: Venezuela

35. The three statutory sessional committees were:

a) The Committee on Water,\*\*/ which was responsible for agenda item 7 and whose Officers were:

Chairman: Chile  
First Vice-Chairman: Portugal  
Second Vice-Chairman: Bolivia  
Rapporteur: Honduras

b) The Committee on Human Settlements,\*\*\*/ which dealt with agenda item 8 and whose Officers were:

Chairman: Suriname  
First Vice-Chairman: Nicaragua  
Second Vice-Chairman: Canada  
Rapporteur: Dominican Republic

c) The Committee on Co-operation among Developing Countries and Regions,\*\*\*\*/ which examined agenda item 6 and whose work was guided by the following Officers:

Chairman: Brazil  
First Vice-Chairman: Ecuador  
Second Vice-Chairman: Peru  
Rapporteur: Haiti

#### Documents

36. The documents submitted by the Secretariat to the twenty-first session are listed in annex 1 of this report.\*\*\*\*\*/

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\*/ See the corresponding report in paragraphs 96 to 194 below.  
\*\*/ See the corresponding report in paragraphs 195 to 217 below.  
\*\*\*/ See the corresponding report in paragraphs 218 to 244 below.  
\*\*\*\*/ See the corresponding report in paragraphs 245 to 254 below.  
\*\*\*\*\*/ See also document LC/G.1412.

Closing meeting

37. At the closing meeting, the Executive Secretary of ECLAC thanked the President of Mexico for his initiative in proposing that a special ECLAC conference should be held in Mexico City at the end of 1986 to deal with the most urgent problems confronting the region, thus confirming the great interest of his government in the activities of the Commission. The Executive Secretary also expressed gratitude for the effective contribution made by Mexican government officials to the success of the session and highlighted both the able leadership of the debates by the Chairman of the session and the effort made by delegations to formulate proposals on which there could be a consensus. He said that ECLAC had received a set of mandates which were reflected in an ambitious yet at the same time realistic programme of work. During their deliberations, the government had made it clear that the basic tasks of the Secretariat included those of promoting a constructive dialogue among member countries on the most relevant issues pertaining to their economic and social development strategies and policies, co-operating at the technical level in the exchange of experience, and observing attentively the evolution of the international economy and evaluating its consequences for the region. The ECLAC Secretariat would do its utmost to accomplish the tasks entrusted to it, always working in close co-ordination with governments.

38. Mr. César Ferrari, Vice-Minister of Planning of Peru, speaking on behalf of the Latin American delegations, thanked the host country for its proverbial hospitality, its warm welcome and the impeccable way in which the session had been organized.

39. He suggested that a number of conclusions might be drawn from the work accomplished at the twenty-first session. In the first place, there had been confirmation of the need to adopt new criteria for approaching the problems burdening the region, so as to tackle short-term issues within a medium- and long-term perspective; of the way in which financial and monetary considerations interacted with trade-related phenomena and of the need to view the socioeconomic situation from a global perspective. Secondly, it had been observed that the perspectives and perceptions of the countries of the region were showing a tendency to converge, so that a Latin American line of thought was beginning to take shape, whose supreme expression would be a new theory of development for the region. Thirdly, the delegations participating in the session had made an effort to arrive at positions on which they could all agree, as had been evidenced in virtually every resolution adopted. One regrettable exception to that had been the resolution on the external debt, which ironically was a matter of the utmost importance to the economic and social progress of the countries of the region.

40. The overall results were therefore, in general, eminently positive, and the success of the session was enhanced by the certain knowledge that another opportunity would be provided at the end of 1986, again in hospitable Mexico City, to hold a dialogue on the external debt and other central issues, thanks to the timely and important proposal made by the President of Mexico.

41. In conclusion, he expressed his particular gratitude to the Chairman of the session for the magnificent way in which he had led the debates, to the Officers of the session and of the Committees, whose participation had been decisive to the achievements obtained, and to the staff of the ECLAC Secretariat for their valuable support.

42. The representative of Trinidad and Tobago said that the twenty-first session of ECLAC had been one of the most significant in recent history because of the importance of the items considered. He took the opportunity to express his gratitude to the people and Government of Mexico for their hospitality, which had contributed to the success of the meeting. He added that the session had been an important experience for the Caribbean countries and had paved the way for the special ECLAC conference to deal with the problem of the external debt, to be held at the end of 1986 as proposed by the President of Mexico. On behalf of the English-speaking countries, he also expressed gratitude for the way in which the Chairman had led the debates and thanked the ECLAC Secretariat for its assistance. He ended by saying that the Caribbean shared the problems faced by Latin America and expressed its hope that the special ECLAC conference would yield the results they all expected.

43. The representative of the United States joined in the expressions of gratitude offered by the preceding speakers and said that although it had not always been possible to reach a consensus, they had all been able to learn from one another. He said he felt he was speaking for all the delegations in expressing the satisfaction of the participants for the efficient way in which they had worked with the members of the ECLAC Secretariat.

44. The representative of the Netherlands, speaking on behalf of the member countries of the European Economic Community, thanked the Mexican authorities for the welcome they had accorded the participants, paid tribute to the work of the ECLAC Secretariat, and congratulated the Officers on the effective manner in which they had conducted the debates.

45. Carlos Salinas de Gortari, Secretary of Planning and the Budget of Mexico and Chairman of the twenty-first session, expressed his gratitude to the Executive Secretary of ECLAC and the members of the Secretariat for their co-operation, and also to the staff of the Ministry of Foreign Relations of Mexico. He thanked all the participants for the degree of consensus achieved and said that such divergences as had emerged were a reflection of disparities in development and the political realities of the region but that the dialogue had been open and pluralistic and the debate had touched on issues of concern to the people of Latin America and the Caribbean. He stressed that everyone agreed that proposals which condoned stagnation were not acceptable and that the solution to the problems of the region lay with the people of Latin America and the Caribbean, adding that nobody could evade his responsibility in that endeavour. He reiterated his thanks for the demonstrations of support and solidarity received with regard to the proposal made by the President of Mexico to convene a special ECLAC conference to deal with the problem of the debt and, in that connection, reminded the participants that the solution would lie in a combination of internal structural changes, the acceptance of co-responsibility by the creditors, and intra-regional co-operation.

46. He then officially declared the twenty-first session of the Commission closed.

B. AGENDA

47. At its 224th meeting the Commission adopted the following agenda:
1. Election of Officers
  2. Adoption of the agenda and organization of work
  3. Implementation of the International Development Strategy and the prospects for Latin America and the Caribbean for the rest of the 1980s in the light of the evolution of the crisis
  4. The external debt of Latin America and the Caribbean
  5. Stabilization, adjustment and reactivation policies for the economies of Latin America and the Caribbean
  6. Co-operation among developing countries and regions
  7. Water
  8. Human settlements
  9. Meetings of auxiliary bodies, and regional meetings sponsored by ECLAC in preparation for United Nations world conferences; conclusions and recommendations
  10. Other activities of the ECLAC system since the twentieth session, and programme of work of the Commission for the biennium 1988-1989:
    - a) ECLAC
    - b) Latin American Demographic Centre (CELADE)
    - c) Latin American and Caribbean Institute for Economic and Social Planning (ILPES)
  11. Calendar of conferences for the period 1986-1988
  12. Rule 2 of the Rules of Procedure of the Commission
  13. Consideration and approval of the report of the twenty-first session of ECLAC.

/C. SUMMARY



C. SUMMARY OF DEBATES

Opening meeting of the technical stage

48. At the opening meeting of the technical stage, the Under-Secretary of Planning and Budget for Social and Regional Development of Mexico, after welcoming the participants and emphasizing the great importance of the session in view of the present situation of the region, reviewed the features of the region's economic evolution in recent years and referred to the factors hindering the resumption of its growth and development. She noted that in the short term the fundamental problems of the countries were the debt service and the drop in the value of exports, and said that the achievement of an equitable solution to the debt problem went beyond the market mechanisms and called for a political dialogue among all the parties involved. She said that in spite of all the efforts made by the region, there was still a need for new ideas on future long-term options for the countries, and in that connection she laid stress on the urgent need to revitalize the Commission, which, she said, must play a central role in the shaping of a new profile for Latin America and the Caribbean. Finally, she referred to her country's firm conviction that concertation and dialogue were the right ways of solving the crisis, and she stressed once again that such a solution must be of an integral nature in view of the close relation existing between the debt, trade, financing and development, and that it was necessary to seek multilateral negotiating strategies leading to collective responses which both the industrialized and the developing countries could adopt.

49. After thanking the host country for its hospitality, the Chief of the Public Investments Unit of the National Planning Department of Colombia said that the present session was a magnificent opportunity to appraise the economic and social situation of Latin America and the Caribbean, to examine the progress made in the implementation of the International Development Strategy, and to trace the goals for the Commission's work in the years to come. In that connection, he mentioned the importance of the Position Paper prepared by the developing member countries of the Commission at the eleventh session of CEGAN, held recently in Bogotá.

50. The Executive Secretary of ECLAC began by thanking the Government of Mexico for its warm hospitality. He then went on to refer to the topics that would be dealt with at the session, especially the economic crisis from which the region was suffering and its external indebtedness, and noted that the debates would have to deal primarily with the question of what was to be done at the domestic, regional and international levels. He said that although the situations of the countries differed considerably one from another, dialogue and co-operation were in all cases fundamental instruments for trying to overcome the current problems of the region. After mentioning the documents presented by the Secretariat and referring to the organization of the work of the committees, he laid special stress on the importance of the debates on the programme of work of the Commission, which involved setting the future course of ECLAC at a time when --like other bodies of the United Nations System-- it had to reconcile the fulfilment of its own tasks with the austerity measures imposed by the present world circumstances.

/Report of

Report of Committee I

Implementation of the International Development Strategy and the prospects for Latin America and the Caribbean for the rest of the 1980s in the light of the evolution of the crisis (agenda item 3)

The external debt of Latin America and the Caribbean (agenda item 4)

Stabilization, adjustment and reactivation policies for the economies of Latin America and the Caribbean (agenda item 5)

51. Committee I met from 21 to 25 April to consider agenda items 3, 4 and 5.
52. With regard to agenda item 3, the Committee had before it, as working documents, the "Report of the Eleventh Session of the Committee of High-Level Government Experts" (Bogotá, Colombia, 3-6 March 1986), contained in document LC/G.1411, and "Economic development: an appraisal, and projections 1985-1995" (LC/G.1407). It also had before it a number of reference documents.
53. With regard to agenda item 4, the working document was entitled "The problem of the external debt: gestation, development, crisis and prospects" (LC/G.1406). A number of reference documents were also presented.
54. With regard to agenda item 5, the Committee had before it the document entitled "The economic crisis: Policies for adjustment, stabilization and growth" (LC/G.1408). It also had several reference documents.
55. The Deputy Executive Secretary for Economic and Social Development presented the three working documents prepared by the Commission for consideration by Committee I, noting that he would make no attempt to repeat their contents in his statement but would instead focus on three broad features which, in spite of the heterogeneity of the situations of the different countries of the region, were valid for all of them.
56. He referred first to the net results of the past five years and stated that the distance between the goals of the International Development Strategy and what had actually been obtained during the first five years of the present decade could be gauged on the basis of eight factors of particular significance. Those factors were: the marked deterioration in the level of economic activity; the sharp reduction in the material and social well-being of the majority of people in Latin America and the Caribbean, as evidenced in levels of unemployment, inequality in the distribution of income, reduction of social expenditure, the drop in real wages and other indicators; the marked decline in levels of savings and, in particular, of investment, which spelled grave danger for future production capacity; the increase in the gulf separating the region from the industrialized world with regard to growth, management of inflationary pressures, the burden imposed by the cost of adjustment and technological lag; the decline in reciprocal economic interdependence, reflected in

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a reduction in intra-regional trade which was even more pronounced than that in total trade; the consciousness of being up against a crisis of a structural nature, and not a mere recession which could become less severe when the growth rate of the industrialized countries recovered; the loss of leeway for the formulation and implementation of economic policy, primarily because of the acute shortage of foreign currency and the recessive adjustment; and finally, the rude shock suffered by the region's development expectations, which had resulted in some perplexity and in an inward-looking appraisal of alternative development strategies.

57. For the region, the crisis had resulted in a host of obstacles, including the crushing burden of servicing the external debt; the abrupt reduction in new external loans to the region; the resulting negative transfer of resources from Latin America and the Caribbean, which amounted to US\$ 106 billion in the past three years; the new challenges to domestic economic policy represented by the incomplete correction of external and internal disequilibria (also affecting the topics of adjustment, stabilization and growth); the economic and social lags which had aggravated those already existing, and the disarticulation and deterioration of the region's production apparatus.

58. Turning to the topic of future prospects --the second subject of his statement-- the Deputy Executive Secretary referred to the quantitative projections based on certain hypotheses which were presented in document LC/G.1407, warning of the risks of conducting such an exercise in a framework of uncertainty like that now surrounding the world economy. He described the main conclusions of the exercise, drawing attention to four points: i) regional growth between 3.8% and 6.4% a year was conceptually feasible given certain conditions in respect of regional exports and availability of external financing no higher in real terms than those recorded in the second half of the 1970s, but far higher than those corresponding to 1984 and 1985; ii) a decrease in real interest rates, an improvement in the terms of trade, or a combination of both could bring about a real improvement in the regional situation and, above all, in the requirements for external financing; iii) although it appeared to be conceptually possible that the countries of the region might gradually surmount the external restrictions faced by them, provided that international co-operation was available in respect of financing, trade and relief of the debt servicing burden, this would call for an enormous sacrifice since throughout the period 1985-1995 debt servicing would absorb between 40% and 55% of the total value of exports, and the transfer of real resources to the exterior would continue, and iv) even the most optimistic growth scenario did not contemplate a decrease in unemployment, which would increase up to 1990 and fall slightly by 1995.

59. In dealing with the question of what was to be done, he indicated that in trying to cope with the restrictions imposed by the external sector, governments had three options: to continue with the process of recessive adjustment, to attempt an expansive or efficient adjustment, or to take unilateral action in order to attend to the needs of development as a top priority, and meet their external debt obligations only to the extent that was possible after those needs had been served. He said that the documentation presented favoured the second of these options, stressing the need to find a solution based first on international co-operation and second on the domestic effort, guided by the principle of "doing more with less". In connection with the latter consideration, he drew attention to the renewed importance of interregional co-operation.

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60. Finally, he noted that similar issues and concerns were reflected in the position paper adopted by the developing member countries of the Commission at the eleventh session of the Committee of High-Level Government Experts (CEGAN).\*/

61. Many delegations congratulated the ECLAC Secretariat on the documents submitted to the Committee for its consideration and praised the statement made by the Deputy Executive Secretary. With regard to the latter, it was noted that it took into account the most recent changes which had occurred in the world and regional economic situation and provided a summary that raised valuable new points.

62. The representative of Mexico drew attention to the fact that the slowing in world economic growth and the modest expansion of trade during 1985 had been responsible for decreases in the prices of raw materials, thereby increasing transfers of resources to the industrialized countries and complicating the management of the external debt. In that connection, he pointed out that the region had transferred over US\$ 100 billion to its creditors in interest payments in recent years, which represented 5.5% of the region's gross domestic product. He laid particular stress on the drop in petroleum prices, which had had devastating effects on some countries but, for the industrialized countries, would mean savings of between US\$ 60 billion and US\$ 80 billion a year. Referring to the external debt, he said that the debtor countries of the region were facing up to their responsibilities by applying stringent adjustment programmes which had led to drastic declines in imports. However, the expectations aroused by those programmes --that of entering on a new phase in their economic growth strategy, that of achieving a significant increase in their exports, and that of improving their borrowing capacity and receiving new flows of financing-- had not been realized, and in some cases the situation had actually deteriorated still further. In his prospective analysis, he pointed out that there was no reason to assume that the growth of the industrialized world would be sufficient to alleviate the problems faced by the countries of the region and said it was essential to confront the debt problem by recognizing its political dimension and the need to share sacrifices between creditors and debtors.

63. The delegation of the United States asserted its belief that strong and dynamic private sectors had been essential to the economic growth of the developed countries as well as to the overall economic performance and social well-being of a number of middle-income developing countries which, in contrast to most of the countries in the ECLAC region, had maintained solid economic growth in the 1980s. It stated that the pursuit of economic policies that encouraged the domestic private sector to play a more useful role in promoting economic development would have the welcome effect of encouraging the inflow of private equity capital from abroad. It went on to say that appropriate domestic policies, which were essential for a return to sustained economic growth, were also essential for stemming capital flight, encouraging capital that had left to return, and creating an environment in which new foreign financial flows and direct investment could take place. It affirmed that all countries benefitted from a trading environment which was as open, free and fair as possible and, therefore, in which protectionist tendencies were resisted by all countries.

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\*/ See annex 3.

64. Based on the precepts cited in the preceding paragraph, it stated that since the economic problems of Latin America were the result of both internal and external factors, and that since the solutions to those problems and a return to sustained growth required the co-operation of both developing and developed countries, the Programme for Sustained Growth announced by U.S. Treasury Secretary James Baker in Seoul should therefore be endorsed by ECLAC. It stated that the Executive Secretary should promote greater study of policies, such as tax and regulatory reform, decentralization in its many facets, and other measures which tended to reduce the preponderance of the public sector and which tended to encourage the growth of a competitive and responsible private sector. It also felt that the Executive Secretary should give priority to the study of policies which created confidence in the domestic economy and which improved the conditions for sustainable economic growth. It asserted that ECLAC should endorse increased direct investment under appropriate circumstances as a valuable source of capital for developing countries, and finally it said that the Executive Secretary should work to encourage the members of ECLAC to join in a new round of multilateral trade negotiations under the auspices of GATT.

65. The representative of Colombia (the country which had hosted the eleventh session of CEGAN), speaking on behalf of the participants in that meeting, introduced the report of the session (LC/G.1411), referred to the main points discussed at the meeting, summarized the Latin American and Caribbean position paper on the crisis, debt and development \*/ adopted at it and presented the draft resolution contained in the CEGAN report.

66. He noted that the Latin American and Caribbean position paper first of all made a diagnosis of the present situation of the region. In that diagnosis the view was expressed that the achievement of the goals and objectives of the International Development Strategy and the Regional Programme of Action had been seriously jeopardized by the setbacks in multilateral co-operation for development and by certain policies applied by the developed countries, which had helped to aggravate the economic crisis in the region. That document suggested a comprehensive and organic approach to world economic problems and new forms of international insertion which would reduce the vulnerability of the region's economy and eliminate the constraints affecting the external sector, expand co-operation within the region and among developing countries, and shape policies for altering the structure and role of domestic markets. The position paper also suggested action in the priority areas of the external debt, the international financial and monetary system, international trade and economic co-operation within the region.

67. In response to the concern voiced by one delegation, the representative of the Secretariat reiterated that the Secretariat attached particular importance, both in its programme of work and in the documentation submitted, to commodities and to an international policy with regard to them, as well as to the situation of small countries whose economy was based primarily on commodity exports.

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\*/ See annex 2.

68. The representative of Ecuador said the subjects of economic growth, debt and adjustment were inseparable, deserved detailed consideration and should be dealt with not only against an economic background, but also within a political framework. His government's view was that the external debt should be paid, but in order to do so resources were needed which could be obtained only through economic growth. The adjustment policies proposed by the IMF had been only partially successful, and their results had at times been contradictory.

69. Saying that he agreed with the concern expressed by the Secretariat, he broached the problem of what was to be done in the present situation, particularly in view of such unexpected changes as the violent drop in petroleum prices and the decline in interest rates, which were helping to create a climate of great uncertainty so far as economic policies were concerned. In view of this situation, he appealed to the delegations to take a perspective which included both the short and the long term, to avoid making purely rhetorical proposals, but rather to propose very specific measures, since the economic survival of the countries of the region was at stake.

70. The representative of Canada stressed the importance of the International Development Strategy as a suitable framework for appraising the co-operation process. With regard to the document entitled "Economic development: an appraisal, and projections 1985-1995" (LC/G.1407), he said that it provided a valuable analysis of global trends but he regretted that it did not assess the impact of the domestic policies of governments in this respect.

71. As regards the document on the debt, he expressed the view that it was over-pessimistic in that it did not take into account the considerable international efforts made to deal with that problem. In that respect he underlined the importance of the Baker Plan, which provided a framework for future co-operation and negotiations among debtors, creditors and the relevant multilateral agencies.

72. The representative of Chile referred to the problems facing the economy of his country and the manner in which its government was dealing with them. He stressed that Chile had resumed the path of economic growth after having experienced a 14.5% drop in the gross domestic product in 1982. It was worthy of emphasis that, despite the extremely unfavourable external circumstances, over the last two years 440 000 new jobs had been created, bringing unemployment down to 11.9%; the economy had registered a slowdown in the rate of inflation, which amounted to 26.4% in 1985; and in that same year a trade surplus of US\$ 800 million had been earned, mainly as a result of the determined and successful export promotion campaign. He said that his country had suffered a deterioration in its terms of trade, and that its principal export, copper, had registered its lowest price ever in 1985. He drew attention to the responsibility of the creditor countries, and requested determined support from them so that in addition to promoting the growth of the regional economy, and of the Chilean economy in particular, they should enable it to meet its financial commitments and clear away political and social problems. Finally, he described as harmful and spreading the protectionist practices of the developed countries, which were not in keeping with the unequivocal proof of responsibility given by his country in paying its external debt.

73. The representative of Colombia laid stress on the major effort of self-discipline voluntarily undertaken by his country, which had made it possible to reverse the tendencies towards a balance-of-payments deficit while at the same time achieving positive indices of economic growth. That did not mean that the Colombian Government did not recognize the seriousness and the economic and social consequences of the fact that an increasing proportion of the region's income had to be sent abroad to service the debt. In order to overcome that problem, which had obvious and important political consequences, it was necessary to place it in a suitable political context. That meant recognizing the co-responsibility of debtors and creditors in the search for solutions which satisfied the need to ensure greater stability in the world financial situation.

74. He also stated that the "expansionary adjustment", which was the best path to follow not only for Latin America and the Caribbean but for the world economy as a whole, called for the efforts of all those involved. It was particularly necessary to guarantee adequate access to the markets of the developed countries. His country supported the commodities agreements which had been operating as a means of guaranteeing the stability of equitable international prices for both producers and consumers.

75. The representative of Uruguay stated that the first step towards embarking upon a realistic and constructive dialogue was to recognize reality and see the problems as they really were. In that respect, he noted that no objective appraisal of the International Development Strategy could do anything but conclude that it had been a failure. One of the aims of the IDS was to secure a transfer of 1% of the gross domestic product of the industrialized countries to the developing countries. As the situation stood at the present, however, Latin America was itself transferring some 4% of its gross domestic product every year in the form of interest payments on its debt, a fact which was in flagrant contradiction with the philosophy of international co-operation.

76. In the sphere of trade, the facts indicated a revival of protectionism in the form of tariff and non-tariff barriers; the extension of policies in support of inefficient agricultural production; a tendency to resort to subsidized exports which not only further depressed prices on the international market but also edged the countries of the region out of traditional markets; practices of discrimination and graduation in trade relations between developed and developing countries; and the deterioration of multilateralism with an increasing tendency to resort to managed trade. All of those facts had meant that the prices of the basic products exported by the region, together with its terms of trade, had reached unprecedented low levels.

77. In the monetary and financial sphere it was necessary to consider the negative impact on the economies of the region of the restrictive macroeconomic policies pursued by the main developed countries; the asymmetry in the readjustment process; the fact that rates of interest stood at extremely high real levels; the shrinkage in the flows of finance and investment towards the region; and the conditions attached to fresh funds, which made the already severe process of adjustment even harsher.

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78. The recent upturns in certain economic indicators at the world level could not offset the impact of the extraordinary deterioration in international conditions which had cancelled out all the serious and responsible efforts made by the region to bring order into its economies and correct its external imbalances.

79. In conclusion, the representative of Uruguay expressed his delegation's categorical support for the paper prepared by CEGAN which summarized the position of Latin America and the Caribbean in relation to the IDS and to the debt, and he invited the developed countries to take into account the integral and organic approach of that position paper as well as the actions suggested therein, as they were a faithful reflection of the real present situation.

80. The representative of Peru confirmed his Government's adherence to the central concepts expressed in the CEGAN position paper. In that respect he emphasized the need to reverse the transfer of real resources abroad and to apply an integral and organic approach to the problems of the international economy. He stated that the documents presented by the Secretariat contained valuable information and analyses and indicated that the continual work undertaken by the ECLAC Secretariat on the problems of development within a changing international environment would allow it to continue to perfect the propositions which it was drawing up, so that they could constitute a sound basis for future development policies. In particular he emphasized that there had been a return to a medium- and long-term view in interpreting the social and economic phenomena affecting the region. He stressed on the one hand that in spite of the pressures exerted by conjunctural factors it was necessary to take into account the long-term effects of short-term policies, and on the other hand that responses to conjunctural requirements should not merely take the form of short-term policies. He reaffirmed that the external debt should continue to be the subject of research by the Secretariat, in accordance with the resolution adopted at the eleventh session of CEGAN.\*/

81. The representative of the United Kingdom referred to the documents submitted by the Secretariat. He commented that they were comprehensive and contained useful ideas, but lacked balance when dealing with the debt issue. In particular, he could not accept that the problems of debt and capital flight were wholly externally generated: insufficient weight had been given to *domestic policies of debtor countries*. Similarly, insufficient emphasis had been given to progress made in improving the world economic environment: the recent interest rate falls; the commitment to reduce fiscal deficits in some countries; currency realignments which reduced protectionist pressures, and improved prospects for world economic growth.

82. He said that the United Kingdom recognized the severity of the debt problem and the need for growth-oriented adjustment supported by the international financial institutions. The Baker initiative was both timely and comprehensive in providing additional resources to support adjustment. Increased direct investment was also important. The debt problem should continue to be tackled on a case-by-case basis, as each country's problems were different.

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\*/ See document LC/G.1411, pages 18 and 19.



83. There had been important developments in the last six months; many had yet to work through into practical results. With continued commitment to reform by debtor countries, those measures should contribute to the restoration of growth and creditworthiness. It was important that the message of this meeting should not be that the debt problem was becoming politicized and confrontational.

84. The representative of Argentina said that his country was willing to participate in a realistic dialogue. In that connection, it was also necessary to mention, however, that the payment of the external debt was made in cash against the promise that at some time in the future a market would be opened to the products of the region. In the same order of ideas, the recent reduction in nominal interest rates which had been referred to by other speakers had been offset by a decline in consumer prices in the United States, so that consequently the real positive interest rate was some 10.5% --an extremely high figure in historical terms.

85. He said that he shared the views expressed concerning the need for adjustment but felt those views should also be applied to the economies of the developed countries, which were under no compulsion to correct in the same way their obvious macroeconomic disequilibria but instead projected their domestic adjustments onto the world economy, and especially that of the developing countries.

86. He then summarized the changes which had occurred in the concept of co-operation over the past three decades. In the 1960s co-operation had been viewed from the perspective of the responsibility of the richest countries, and had given rise to the Alliance for Progress. In the decade which followed, that concept was replaced by the idea of increasing trade opportunities through the application of the Generalized System of Preferences. At the end of the 1970s concepts such as "sufficient maturity", "graduality" and "reciprocity" had appeared. Looking to the future, he suggested that the stage of "punishment" seemed to be approaching for those countries which did not discipline their adjustment process to absorb the disequilibria and requirements of the highly-developed countries.

87. He agreed on the need for free trade, noting that all countries must have equal opportunities and abide by the same rules. In that respect, he said that export subsidies and protectionist measures ran counter to that principle. He ended his statement by saying that the idea of "putting one's own house in order" was a good starting point for a dialogue, provided it was applied by all the interested parties.

88. Committee I took note of the Latin American and Caribbean position paper entitled "Crisis, debt and development" approved by the developing member countries of the Commission at the eleventh session of the Committee of High-Level Government Experts (Bogotá, 3-6 March 1986).\*/ The observations made in respect of this document by other member countries of the Commission are given in preceding paragraphs.\*\*/

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\*/ See annex 3.

\*\*/ See paragraphs 62 to 87 above.

89. The Committee then approved by consensus, for submission to the plenary, two resolutions on technical support by ECLAC to the countries of Latin America and the Caribbean for the proposed multilateral trade negotiations and on policies for reactivation and for medium- and long-term development, respectively.\*/

90. The representative of the United Kingdom requested that the following text be placed on record in the report:

"We have been glad to join the consensus on the draft resolution regarding technical support by ECLAC to the countries of Latin America and the Caribbean for the proposed multilateral trade negotiations. However, when this resolution is passed forward to higher instances of the United Nations, we believe it would be right to look at it and any similar requests from other regional or functional United Nations bodies together. We believe this will contribute to the effective functioning of the United Nations, to which we are all deeply committed".

91. The draft resolution on the external debt of Latin America and the Caribbean: implications and prospects was approved by 12 votes in favour and 6 against.\*\*/

92. The representative of the United States explained the grounds for his delegation's vote against the draft resolution and announced that he would reiterate his position in the plenary, on which occasion he would request his statement to be placed on record in the report,\*\*\*/

93. The delegation of the Netherlands, speaking on behalf of the European Economic Community member countries which are also members of ECLAC, announced that it would also make a statement in that respect in the plenary.

94. The representative of Argentina, speaking on behalf of the Latin American and Caribbean Group, said that he deeply regretted that the prolonged sincere efforts made by that Group to reach a consensus had not been crowned with success, and he expressed the hope that future negotiations in ECLAC and other forums might give positive results.

95. Committee I approved the report for submission to the Plenary of the Commission.\*\*\*\*/

#### Report of Committee II

96. Committee II met from 21 to 23 April and dealt with agenda items 9 to 12.

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\*/ Conference Room Paper PLEN/11.

\*\*/ Ibid.

\*\*\*/ See paragraph 331 below.

\*\*\*\*/ Conference Room Paper PLEN/11.

97. The Committee had the following working documents before it during its deliberations: "Report on the work of the Commission since April 1984" (LC/G.1397); "Draft programme of work of the ECLAC System, 1988-1989" (LC/G.1393); "Report on the activities of the Latin American Demographic Centre (CELADE), 1984-1985" (LC/G.1396), and "ILPES: Bases of its programme of work for 1986 and summary of activities during 1984-1985" (LC/G.1405).

98. The Committee also had before it reference documents, in particular the reports of meetings of auxiliary bodies and of regional meetings sponsored by ECLAC.\*/

Meetings of auxiliary bodies, and regional meetings sponsored by ECLAC in preparation for United Nations world conferences: conclusions and recommendations (agenda item 9)

Other activities of the ECLAC System since the twentieth session, and programme of work of the Commission for the biennium 1988-1989 (agenda item 10)

99. In opening the deliberations of the Committee, the Executive Secretary of ECLAC dealt with agenda items 9 and 10 together. He described the activities performed by the Secretariat since April 1984 and reported on the results of the main meetings of the auxiliary bodies of ECLAC and of regional meetings sponsored by the Commission in preparation for United Nations world conferences.

100. After hearing the statement of the Executive Secretary, the Committee approved by consensus the "Report on the work of the Commission since April 1984" (document LC/G.1397).

101. The Committee then began its consideration of the "Draft programme of work of the ECLAC System, 1988-1989", contained in document LC/G.1393.

102. The Secretariat representative spoke on the general aspects and background of the proposed programme of work, comprising 14 programmes, subdivided into 39 subprogrammes, which in turn were made up of 116 programme elements.

103. With regard to the programme proposed by the ECLAC Subregional Headquarters for the Caribbean, the Secretariat representative reported that the meeting of the Caribbean Development and Co-operation Committee (CDCC), which was to have taken place prior to the twenty-first session of the Commission, had been postponed. That would not, however, have any adverse consequences for the consideration of the programme of work, since the majority of the member countries of that auxiliary body had, when consulted, approved in principle the main items contained in that programme, so that they could now be submitted for consideration by Committee II.

104. Specifically addressing the activities in the Caribbean, the Secretariat representative noted that the substantive aspects of the Caribbean programme would be approved at the next meeting of CDCC without affecting the allocation of resources.

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\*/ See document LC/G.1412.

He then highlighted the substantial increase in the working links between the Subregional Headquarters for the Caribbean in Port of Spain and ECLAC Headquarters in Santiago, Chile.

105. Several delegations requested clarifications on the working procedures of Committee II and asked the Secretariat what period was covered by the reports.

106. One delegation said that it felt that the Secretariat should design a strategy for coping with the budgetary restrictions which the Organization was experiencing.

107. The representative of the United States noted that in the General Assembly's consideration of the Commission's budget for the period 1988-1989, his delegation would continue to support the zero growth policy adopted by the United States for the period 1986-1987. Another delegation expressed agreement with that intention.

108. The Committee then went on to consider the various programmes included in the "Draft programme of work of the ECLAC System, 1988-1989" (LC/G.1393).

#### Programme 10: Development Issues and Policies

109. Several delegations asked the Secretariat to strengthen the activities provided for in Subprogramme 10.2 on studies of development strategies and economic policies, since they felt that its components would become even more important in the 1988-1989 biennium, when this programme of work would be implemented.

110. Attention was drawn to the need to include the subject of the external debt explicitly in this programme, although some delegations expressed the view that this issue had been sufficiently covered in various related programmes.

111. One delegation said it would be interested if Programme 10 could also cover economic reactivation policies which could be carried out at the same time as policies for the management of the external debt problem.

112. Another delegation said it thought the coverage given by the Secretariat to economic reactivation in the subprogrammes making up Programme 10 was adequate.

113. The Secretariat took note of the observations and comments made in connection with Programme 10 and said that in revising that programme account would be taken of the deliberations of the Committee as well as of the resolutions adopted by Committee I and by the Commission in its plenary meetings. At the request of one delegation, the Secretariat then reported on the state of development of the Macrothesaurus, which was an item in Subprogramme 10.4 (CLADES).

114. The Committee postponed its consideration of Subprogramme 10.5 --"Economic and social planning services for the countries of Latin America and the Caribbean"-- on the understanding that it would be examined later, together with the programme of work of the Latin American and Caribbean Institute for Economic and Social Planning (ILPES).

115. The Committee approved Programme 10.

/Programme 11:

Programme 11: Energy

116. This programme was considered satisfactory by the delegations and was approved without any significant observations.

Programme 12: Environment

117. This programme, which is executed jointly with the United Nations Environment Programme (UNEP), was approved by the delegations with only one request for information concerning the progress made in this field in the Caribbean subregion, which was answered by the Secretariat.

Programme 13: Food and Agriculture

118. One delegation stated that the activities covered by this programme were of the utmost interest for its country, both as regards the domestic food supply and the saving of foreign exchange. The Secretariat took due note of these remarks.

119. Another delegation expressed its concern that the four studies concerning Central America mentioned under programme element 13.1.1, "Agriculture and External Sector Restrictions", should be harmonized with those carried out by other regional and international development bodies (the Inter-American Development Bank, for example) so as to achieve maximum results. The Secretariat replied that this objective had already been pursued, working through the Subregional Headquarters for Mexico, Central America and Panama.

120. With respect to remarks made by one delegation regarding possible duplication of activities with FAO, the Secretariat pointed out the complementarity which existed between this programme and the activities being undertaken by FAO in Latin America and the Caribbean, underscoring the desirability of these sectoral activities being inserted within the macroeconomic context provided by ECLAC's activities as a whole.

121. Another delegation pointed out that in programme element 13.1.1, "Agriculture and External Sector Restrictions", there was no clear mention of specific work on agro-industrial export policies. The Secretariat explained that studies on policy alternatives relating to the external sector, with a variety of options for agro-industrial exports, were included in Programme 10, considered earlier.

122. The Committee approved the programme.

Programme 14: Human Settlements

123. The Secretariat stated that this item had been dealt with by the Sessional Committee on Human Settlements, which had prepared and adopted a report. That report would be taken into consideration in due course, together with other recommendations and mandates, when drafting the final version of the Programme of Work before submitting it to the relevant higher organs,

/Programme 15:

Programme 15: Industrial Development

124. The Secretariat highlighted the importance given to the activities carried out under this programme by the UNIDO/ECLAC Joint Division, noting that this was an excellent example of the ECLAC system's increasing tendency to carry out activities for both the public and private spheres, as could be appreciated from programme element 15.2.1 on the capital goods industry in Latin America and the Caribbean.

125. A number of delegations expressed their concern over the fact that programme element 15.2.2 on industrial restructuring in Latin America was included in the subprogramme on regional co-operation and not in the subprogramme on future industrial development. Another delegation also noted that the problem of industrial restructuring should not be tied to that programme element, as the subject went beyond the area of regional co-operation.

126. The Secretariat representative explained that these studies were of considerable importance and their positioning had not been lightly decided upon, but reflected the need to investigate the industrial restructuring of the various countries within the overall regional sphere, which was why they were presented as part of subprogramme 2 on regional co-operation. He added that the organization of meetings on this subject was only one of the final outputs of a programme element which would call for prior study as well as the preparation of documents.

127. The Committee approved Programme 15.

Programme 16: International Trade

128. One delegation expressed its support for Subprogramme 16.5 on Economic Integration and Co-operation among the Caribbean Countries, which constituted a major contribution and would be discussed at the next meeting of the CDCC.

129. Another representative expressed his agreement with the wide coverage of this programme, whose themes he considered to be of the greatest interest for his country, and made special mention of programme element 16.1.1 relating to Latin America and the international economic negotiations, since he felt that ECLAC could provide technical support in the identification of options and forms of negotiation in areas of interest to the region, so as to approach the next multilateral trade negotiations properly.

130. The Secretariat took note of these expressions of support and interest.

131. The programme was approved unanimously.

Programme 17: Natural Resources

132. The Chairman stated that the subject of water resources had been dealt with by the Sessional Committee on Water Resources, whose discussions had been completed, so that the relevant report was now available.

133. The programme was approved without observations.

/Programme 18:

Programme 18: Population

134. It was decided to postpone discussion of this programme for later examination by the Committee, which would be provided with a report by CELADE for this purpose.

Programme 20: Science and Technology

135. In conformity with the position taken by the Secretariat, there was general agreement among the delegations that this activity had been given only a modest allocation of funds. Nevertheless, it was considered that it should be presented as a formal programme in view of the importance attached by Headquarters to this subject area.

136. A number of delegations expressed their agreement that the subject was of increasing importance for the countries of the region, as the technological gap separating them from the developed countries was widening.

137. The Committee approved the programme without amendment.

Programme 21: Social Development

138. Several delegations expressed the view that in the Programme of Work of ECLAC consideration should be given to the Forward-Looking Strategies emanating from the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace, held in Nairobi.

139. One delegation asked for information concerning the possibility of including studies on the migration of persons without valid documents to countries located in the northern part of the region.

140. Other delegations expressed concern about the smallness of the resources allocated to programmes on women.

141. The Secretariat took note of these observations and responded to the various concerns voiced by the delegations. Thus, it gave detailed information concerning the consideration given to the subject of women in the various subprogrammes, particularly those in the social area. Explanations were also given concerning the schedule of meetings to be held in that connection, and at the suggestion of one delegation, the numbering of the forthcoming regional conferences on women was corrected.

142. The representative of CELADE informed the meeting that, within the limits of its human and financial resources, CELADE was developing mechanisms to estimate the size of international migratory movements in the region.

143. The delegations expressed satisfaction with the explanations provided by the Secretariat and endorsed the work done on the subject of women in pursuance of the recommendations made at the Nairobi Conference.

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144. The delegation of Canada asked that it should be placed on record in the proceedings of Committee II that the Secretariat had noted with special attention the concern of Canada for the fulfilment of the recommendations made at the Nairobi Conference.

145. The Committee approved this programme.

Programme 22: Statistics

146. After this programme had been introduced by the Secretariat, one delegation emphasized its broad coverage and expressed its concern for the inclusion of more intensive co-ordination with bodies producing statistics and with regional consultation mechanisms, such as the Conference of Government Statisticians of the Americas (CEGA).

147. The Secretariat explained that in the last two years special efforts had been made to intensify ECLAC's presence in the region by means of frequent contacts with the directors of statistics of the member countries, by preparing documents for regional meetings, by carrying out technical assistance missions, and by exchanging statistical material of various kinds.

148. The Committee approved this programme.

Programme 23: Transnational Corporations

149. After this programme had been introduced by the Secretariat, one delegation indicated that its government particularly supported the programme element relating to transnational corporations and to selected services.

150. The delegations approved the proposed programme.

Programme 24: Transport

151. The representative of a member country drew attention to the important role played by telecommunications in development and informed the meeting that his country had asked that an item on this subject should be included in the work programme for 1988-1989.

152. The representative of the International Telecommunications Union (ITU) said that telecommunications was a key factor for all socio-economic activity as well as a prime source of cultural enrichment. It formed the neural system of human society and was an important instrument for its development. The unanimous report of the Independent Commission for Worldwide Telecommunication Development, entitled "The Missing Link" and published in January 1985 (subsequently endorsed by the Arusha Declaration of May 1985), identified telecommunications as an essential complement to other socio-economic sectors and highlighted the serious imbalance in its distribution worldwide. The over-riding objective set by the Commission was that "by the early part of the next century, virtually the whole of mankind should be brought within easy reach of a telephone and, in due course, the other services telecommunications can provide". In conclusion, he urged ECLAC to endorse and to assume a major role in the follow-up of the relevant recommendations of the Independent Commission, according high priority to telecommunications in national and regional development plans and encouraging the formulation

/of common



of common specifications for telecommunications equipment, the establishment of regional research and development centres for problem-solving and technology transfer, and the setting-up of local manufacture of telecommunications equipment.

153. The Secretariat representative said that although the ECLAC programme of work did not include the telecommunications sector, for a number of years the Commission had been working in close co-operation with the International Telecommunications Union, which was the United Nations specialized agency responsible for telecommunications. In May 1986 a regional seminar would be held on telecommunications and development under the auspices of the Government of Chile, ITU and ECLAC. He added that ECLAC was paying more and more attention to the subject of data processing in general, as reflected in the activities of a number of its entities, such as the Latin American Centre for Economic and Social Documentation (CLADES), the ECLAC/CTC Joint Unit on Transnational Corporations, and the ECLAC/UNIDO Joint Industry and Technology Division.

154. One delegation said it hoped ECLAC would include air transport in its programme of work in view of its growing importance as a means of communication. The Secretariat concurred with what had been expressed and took note of the proposal for consideration in the future.

155. With respect to maritime transport, one delegation noted the importance of the exchange of information and mutual support between ECLAC and the operational co-operation network of maritime authorities and the Latin American Maritime Transport Commission (COLTRAM) recently set up within SELA.

156. Another delegation suggested the advisability of including river, ocean and multimodal transport in Subprogramme 24.3 and of making provision in that subprogramme for a baseline study on international maritime transport, with special emphasis on Latin America.

157. The representative of the Secretariat said that at least part of such a study was in fact provided for in the subprogramme mentioned and that direct contact would be established with the government concerned to decide on the area to be covered by the study, thereby meeting the request made without requiring additional financial resources.

158. The Committee approved this programme.

Subprogramme 10.5: Economic and social planning services for the countries of Latin America and the Caribbean (ILPES)

159. The Director of ILPES noted that in addition to being a permanent body of the United Nations, the Institute had gradually become an intergovernmental service organization, with direct links to its 37 member governments, and he underscored the effectiveness of the efforts recently undertaken by the Institute to improve its institutional management.

160. He gave a description of the Institute's four principal areas of activity, beginning with advisory services, which had been provided for 20 countries, and were at present underway in 14. In the area of training, some 25 teaching activities were carried out each year, attended in 1985 by 500 high-level professionals, from almost all the countries in the region. In the area of research, efforts had been concentrated on the four areas of priority defined by the governments: articulation of short-term policies with medium-

/and long-term

and long-term policies; external parameters in economic planning models; the impact of the crisis on spatial and social dimensions within the countries; and the role of the State in promoting development. As regards the area of co-operation, he indicated that the nucleus of such activities was the System for Co-ordination and Co-operation among Planning Bodies in Latin America and the Caribbean (SCCOPALC).

161. The Director stated that it would have been impossible to carry out the considerable volume of work undertaken without the constant collaboration of ECLAC and UNDP, as well as that of a large number of international organizations, and he also laid stress on the co-operation provided by the IDB, particularly in the area of advisory assistance, together with the collaboration provided by the Economic Development Institute of the World Bank with regard to training in the English-speaking Caribbean. He also emphasized the significant collaboration provided by non-member countries. The above-mentioned links had made it possible for the Institute to meet its commitment to decentralize its activities, thereby providing more effective support for the countries of Central America and the Caribbean.

162. The Director went on to consider the financial aspects, and indicated that during the 1980s a major effort had been undertaken to bring about the internal adjustment of the Institute, which was now operating with an overall budget 40% lower than at the beginning of the decade, while maintaining a high level of activity, as could be seen from the reports presented in recent years to its guiding bodies. Finally, the Director said that no increase was at present planned in the budget, but that the Institute's capacity to satisfy the needs of countries could be seriously jeopardized if budgeted income did not materialize on time --especially the direct contributions of member governments.

163. One delegation expressed its thanks to the Director of ILPES for his report and emphasized that it provided an excellent example of efficient use of available resources. It added that ILPES was playing a valuable role in co-operating with governments and in providing an axis for the exchange of ideas between countries in its area of competence.

164. Another delegation also praised the report presented by the Director of ILPES and stated that its government, which made a voluntary financial contribution to some of the Institute's activities, was extremely satisfied with the results obtained.

165. The Under-Secretary for Planning and Budgetary Control of Mexico acknowledged the considerable effort carried out by ILPES with a view to strengthening the instruments provided by planning for helping in the design of economic policy in situations where resources were scarce, and as Chairman of the Technical Committee of the Institute he backed a resolution in support of the New Institutional Project, which would allow the Institute to reinforce its activities.

166. The programme of work of ILPES was unanimously approved.

/Programme 18:

Programme 18: Population (CELADE)

167. In her description of the activities of CELADE, the Officer-in-Charge emphasized the tightness of the Centre's budget for carrying out all its tasks of technical assistance, research and teaching in the population field.

168. She said that CELADE's main source of funds was the United Nations Fund for Population Activities (UNFPA), whose own budget had been reduced, and that moreover the region had lost priority for the allocation of financial resources in this field. The shrinkage in resources had been partly offset by funds from other sources such as the regular budget of the United Nations, the collaboration agreements signed with the Canadian International Development Agency (CIDA) and with the Netherlands, as well as other sources.

169. Nevertheless, the Centre had pursued an intensive and varied programme of activities, designed to meet the demands from all the countries of Latin America and the Caribbean. A number of activities underway and others which had been extended in recent years could be enumerated:

a) collaboration in the preparation and analysis of population censuses and demographic surveys;

b) preparation of population projections and estimates, in conjunction with the relevant national bodies;

c) studies on child mortality, and in particular infant mortality, which had been initiated in the 1970s and were vital in formulating health policies;

d) studies on fertility, its levels and trends in population subgroups;

e) studies on international migration in two areas of activity: one involved gathering data relating to foreigners recorded in population censuses in countries inside and outside the region, while in the other, initiated recently, methods had been developed to enable estimates of international migration to be derived from information collected in population censuses. A manual describing the methods had been prepared and would be published shortly;

f) development of a micro-computer-based method allowing countries to obtain a geographical breakdown of census data; and

g) review of the teaching programme in the field of population to provide more effectively the training required by countries for their professionals.

170. CELADE had been a model in the field of demography in the region and was progressing to cover the interrelationship between development and population. CELADE staff also maintained close links with prestigious specialized institutions, such as the International Union for the Scientific Study of Population (IUSSP), the Centre for Population Studies (CPS) of London University, the East-West Center of the University of Hawaii and the United States Bureau of the Census, among others.

171. One delegation expressed its continued support for CELADE and indicated its intention of encouraging the continuing collaboration of its national institutions with the Centre. Other delegations also affirmed their support for the important work of CELADE and expressed the hope that such work would continue.

172. One delegation referred with concern to the budgetary crisis of the Centre. At the same time, it noted that within the limits of the available resources it would like to see a greater reflection of the results of the Bucharest and Mexico City conferences in its programme of work. It mentioned the usefulness of CELADE's collaboration in the evaluation of its country's 1980 national census and in the preparation of the 1990 census. Finally, it appealed to the industrialized countries to maintain and increase their voluntary contributions to the Centre.

173. The Programme for 1988-1989 was approved unanimously.

Rule 2 of the Rules of Procedure of the Commission (Rotation of the place of meeting of the session among the countries of Latin America and the Caribbean) (agenda item 12)

174. The Secretariat representative presented the document "An analysis of the practice followed in the application of Rule 2 of the Rules of Procedure of the Economic Commission for Latin America and the Caribbean" (LC/G.1400(SES.21/4)). He noted that the item had been included in the agenda in accordance with decision 1985/190 of the Economic and Social Council, which requested ECLAC to analyse Rule 2 of its Rules of Procedure at its twenty-first session in order to present a report on the subject to the second regular session of the Economic and Social Council in 1986.

175. In application of Rule 2, which stated that the place of meeting for the session should be selected "with due consideration for the principle that the countries of Latin America and the Caribbean be chosen in rotation", the said sessions had been held in 14 cities in Latin America and the Caribbean since ECLAC was founded in 1948. The Secretariat described some of the benefits ensuing from their being held in the various member countries, and considered the financial aspects involved.

176. There were three possible options which could be adopted by the Commission: a) to reaffirm the principle of rotation, b) to hold all such conferences at ECLAC Headquarters in Santiago, or c) to hold the conferences on other premises in Santiago.

177. Finally, the Secretariat representative presented document LC/G.1400/Add.1, which compared the estimated cost to the United Nations of holding the ECLAC sessions in Santiago and in six other cities in Latin America and the Caribbean.

178. One representative said that he was pleased that the twenty-first session was being held in Mexico, but stated that his government had voted against this venue in the Economic and Social Council as the principle that the host country should bear all the additional costs involved when the session was held outside the established headquarters had not been accepted in this case. While his delegation

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had no objection to the principle of rotation, it considered that the regular sessions should be held in Santiago, unless the country offering to host the meeting was prepared to meet the extra cost. He also stated that option b) was unacceptable as it involved the construction of new conference facilities, and that he tended to favour option c), on the understanding that the cost of renting conference halls and other facilities in Santiago would be financed from the regular budget. He also mentioned another option involving acceptance of the principle of rotation, with this being financed, if necessary, by reallocating funds from the regular budget of ECLAC.

179. The representative of the host country stated that at the appropriate time he had presented to the Economic and Social Council a proposal to hold the twenty-first session of ECLAC in Mexico. The real additional cost to the United Nations budget resulting from this decision was only US\$ 19 000, because there had been an underestimation of the costs which would have been involved had the session been held at ECLAC Headquarters. He indicated that his government had contributed approximately US\$ 120 000 towards the organization of the session. He thanked the Secretariat for its presentation and reasserted his support for the principle of rotation of the session, which was fundamental if the peoples of the region were to gain first-hand knowledge of the activities of ECLAC. Accordingly, he expressed his support for the principle of rotation within the framework of the existing United Nations financial regulations.

180. The representative of the country where the Commission had its Headquarters expressed his concern with the need to avoid inordinate growth of the organization's budget. He noted, however, that the difference in cost given in document LC/G.1400/Add.1 between Santiago and the six other cities was extremely small, and that in some cases it even proved more expensive to hold the session in Santiago, due to the need to rent the necessary facilities. He stated that his government was unable to offer to host all the sessions of ECLAC, in view of the cost involved. Moreover, he pointed out that for countries situated a long way from Santiago --especially those in the Caribbean-- it would always prove very expensive to travel to that city.

181. Several delegations spoke in support of the principle of rotation, stating that the advantages far outweighed the small additional cost that might be involved.

182. Other delegations expressed the view that United Nations organs should hold their meetings at their established headquarters in order to reduce the cost to the regular budget, especially in view of the financial crisis facing the organization.

183. In reply to a question, the delegation of the country in which the Headquarters of ECLAC is situated stated that its government could not undertake to make the Diego Portales building available for all the regular sessions of ECLAC. It would be necessary to budget for hiring the necessary premises and offices, in the event of the non-availability of the necessary facilities in the Diego Portales building, should the sessions be held in Santiago.

184. One delegation stated that it considered it important that the meeting should rotate among the countries of the region, including the small countries in the Caribbean, but that would only be feasible if they were not obliged to meet all the extra costs involved.

185. A working group was then set up which, after having gathered the opinions expressed, produced a draft resolution.\*/ This draft resolution was later approved by Committee II for presentation to the plenary sessions.

Calendar of Conferences for the period 1986-1988 (agenda item 11)

186. The Secretariat presented the document "Proposed Calendar of Conferences of ECLAC for 1986-1988" (LC/G.1399), which makes special reference to the efforts deployed to rationalize the calendar of meetings of the Commission, and to the mandate given by ECLAC resolution 419(PLEN.14) whereby the countries decided to consider at each session the calendar of meetings up to the next session. Mention was made of the fact that ECLAC had so far received no mandates to organize regional preparatory meetings for world conferences or meetings connected with international years.

187. The Committee then considered annex 4 of document LC/G.1399, containing the proposed calendar of conferences for the period in question.

188. The Secretariat made the following clarifications:

a) Tenth session of the CDCC. This meeting, which was to have been held in Havana from 7 to 12 April 1986, had been postponed.

b) Fourth Regional Conference on the Integration of Women into the Economic and Social Development of Latin America and the Caribbean. The Secretariat explained that the meeting due to be held in 1987 was the Fourth Conference, since the meeting held on that subject in Havana in 1984 had had a different title.

c) Twelfth Session of the Committee of High-Level Government Experts (CEGAN) and Nineteenth Session of the ECLAC Committee of the Whole. In view of the financial restrictions affecting the budget of the United Nations and the favourable experience gathered from the joint meetings of CEGAN and the Committee of the Whole held in Buenos Aires in August 1985, it was proposed to hold these two meetings consecutively at United Nations Headquarters, New York, in April-May 1987.

189. The Secretariat reported that all ECLAC intergovernmental conferences planned for 1986 and 1987, as set out in annex 4 of document LC/G.1399, could be financed from the regular budget of ECLAC under the item "policy-making organs", despite the reduction made in this item by the Secretary-General at the beginning of 1986.

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\*/ Conference Room Paper II/2/Rev.1.

190. One delegation observed that the venue for a number of these meetings had still not been set, and enquired as to whether it would nevertheless be possible for them to be financed with the sum approved. The Secretariat stated that with the amount it was hoped to save by holding two meetings consecutively at United Nations Headquarters (where interpreting and translation services would be provided by the Organization), it would be possible to finance all the meetings concerned, provided they were held in countries of the region.

191. It was indicated that the meetings planned for 1988 were without funding, as the budget for the relevant biennium had not yet been examined. In that respect, one delegation requested that all ECLAC intergovernmental meetings be included in the budgetary proposals for 1988-1989 which the ECLAC Secretariat was to put before the relevant organs of the United Nations.

192. The Committee proceeded to approve the calendar of statutory meetings of the Commission and of its subsidiary bodies, bearing in mind the above remarks, as well as the suggestion made by one delegation that the Executive Secretary should be given a certain degree of flexibility in order to fulfil any additional mandates which might arise.

193. All the delegations agreed in proposing that the approval of the resolutions by Committee II should be without prejudice to any adjustments or amendments arising from possible decisions of the other committees and of the plenary, which was responsible for adopting the final decisions.

194. Committee II finally approved the report of its proceedings and the following five draft resolutions, for submission to the plenary: Calendar of conferences of ECLAC for the period 1986-1988; Rule 2 of the Rules of Procedure of ECLAC; Support for the New Institutional Project and the Programme of Work of the Latin American and Caribbean Institute for Economic and Social Planning (ILPES); Programme of Work of ECLAC, and Effective mobilization and integration of women in development.\*/

#### Reports of the Sessional Committees

##### a) Report of the Committee on Water

195. The Sessional Committee on Water met on 17 and 18 April 1986 to consider agenda item 7.

196. The Secretariat gave a summary of the activities carried out since the twentieth session of the Commission (Lima, 1984), as set forth in the document entitled "Water Resource Development: Progress in the Implementation of the Mar del Plata Action Plan and the International Drinking Water Supply and Sanitation Decade in Latin America and the Caribbean (LC/G.1384).

197. Some delegations regretted that the documents for the meeting had not reached them sufficiently in advance to analyse them thoroughly. In particular, that situation had made it difficult to obtain the opinions of staff specializing in the field of water in their countries.

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\*/ See Conference Room Paper PLEN/2.

198. Two delegations noted that the Caribbean region had certain very special environmental characteristics which required specific treatment, and expressed their concern that the report gave the impression that little attention had been paid to the Caribbean countries. The Secretariat took note of their observations and said that it intended to strengthen its activities in the area of water resource management in the Caribbean in the period 1988-1989.

199. With reference to the document entitled "Formulation of plans for water resource management in Latin America and the Caribbean" (LC/G.1391), several delegations expressed their satisfaction at the work done and agreed that it should be revised before publication. The Secretariat expressed its appreciation and said that the document would be distributed to governments in order that they might make such comments as they deemed necessary.

200. The delegations made statements regarding the progress made in their countries in the field of water. One delegation presented and distributed a report on its country's follow-up activities in connection with the Mar del Plata Action Plan and the International Drinking Water Supply and Sanitation Decade. In general, emphasis was placed on the importance of water resources as a factor of development and social benefit in the region.

201. In view of the shortage of financial resources, several delegations stressed the importance of making a massive effort to strengthen existing co-operation mechanisms, such as the ECLAC Committee on Water, in order to promote co-operation among the countries. Such co-operation should be especially concentrated on promoting greater efficiency, both in the use of water and in the institutions devoted to the management of water resources. Particular emphasis was placed on the importance of the efficient use of irrigation and rain water in agriculture and for consumption by the population.

202. One delegation in particular insisted that although the shortage of resources placed constraints on the implementation of large-scale water use projects, that did not mean that the formulation of new projects should be neglected. It specifically suggested that each country should prepare a catalogue of water projects in order to have a sufficient number of alternatives at its disposal.

203. With regard to the achievement of the goals of the International Drinking Water Supply and Sanitation Decade, several delegations expressed their concern at the difficulty of achieving the goals because of financial problems. At the same time, they stressed the great importance of drinking water and sanitation from the standpoint of the social benefits involved. Two countries stressed the tremendous effect their programmes had had in reducing child mortality and morbidity.

204. Another delegation stressed that programmes relating to drinking water supply should necessarily also include sanitation if they were to attain their objectives.

205. The utmost importance was attached to activities carried out by the countries with regard to control of extreme phenomena and integrated management of watersheds for purposes of development and in order to control erosion and pollution. Attention was called to the need to offset the latter through the application of national conservation programmes.

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206. The delegations emphasized their interest in planning for the orderly management of water resources, and drew attention to the progress achieved in this connection. One participant reported on recent methodological progress achieved in his country --experience which was regarded as highly participative and dynamic.

207. One delegation stated that in its country great importance had been attached to the incorporation in the legislation of points of law which militated in favour of better use of water resources, as reflected in the formulation of water development plans. The delegation suggested that the other countries in the region might take account of this experience.

208. Several delegations said that in their countries, in view of the scarcity of financial resources, the execution of small water projects with community participation was being actively promoted. This in turn made it necessary to develop both training programmes and technologies appropriate for local conditions: a fact which should be borne in mind in the programmes of ECLAC and other international bodies.

209. As regards the implementation of horizontal co-operation, a number of delegations indicated their willingness to participate in such co-operation and asked ECLAC to facilitate the identification of areas of common interest. For that purpose, it was suggested that use should be made of the reports to be drafted by each country concerning the application of the Mar del Plata Action Plan. The idea was not only to identify such areas as accurately as possible but also to arrive at the level of co-operation projects for possible financing by the appropriate bodies.

210. At the request of all the Central American countries participating in the meeting, the representative of the Permanent Secretariat of the General Treaty for Central American Economic Integration (SIECA) referred to the potential abundance of water resources available in the subregion and drew attention to some spectacular results which had already been obtained or which could be anticipated, especially in connection with the substitution of hydrocarbons derived from petroleum by hydroelectric energy through the interconnection of national electric power systems: an activity which was making rapid progress. He went on to suggest that the regional appraisal of water resources which the Secretariat was carrying out should be made more complete and reminded the participants that the similar geographical and socioeconomic conditions of the countries of the subregion warranted special treatment, which could be achieved by allocating the necessary resources to the ECLAC Mexico Office.

211. With regard to the work programme for the period 1986-1987,\*/ the representative of the Secretariat reported to the Committee concerning the programme adopted for that biennium at the twentieth session of the Commission.

212. The Committee on Water then approved the activities proposed by the Secretariat for 1988-1989,\*\*/ stressing that in carrying them out, account should be taken of the topics touched upon in the statements summarized in the present report. The Secretariat noted that no budgetary implications were involved in the inclusion of those topics in the work programme.

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\*/ E/CEPAL/G.1286.

\*\*/ LC/G.1393, pages 78-80.

213. The priority areas would be formulation and dissemination of methodologies for integrated water resource management, the development of an information system on the water resource development activities of the international agencies, in order to improve co-ordination at the regional level, and the implementation, in co-operation with and at the request of governments, of a training programme to impart new techniques of water management.

214. As additional activities related to the implementation of the Mar del Plata Action Plan in this biennium, work will be concentrated on the preparation of reports to be presented at the Committee on Water at the twenty-second session of the Commission in 1988, on the production of a new edition of "The Water Resources of Latin America and the Caribbean and Their Utilization", and on execution of a study on the progress achieved in the region during the International Drinking Water Supply and Sanitation Decade, in order to mark its culmination. In addition, work will be continued in support of the management of water resources in Central America.

215. With regard to horizontal co-operation in the field of water resources it was announced that the major projects undertaken in 1986-1987 were expected to be completed by the end of that biennium. It was also expected, however, that the co-operation networks established as a result of those projects would generate additional activities and studies. In addition, it was anticipated that a new form of co-operation would be developed in relation to software for microcomputers.

216. There was consensus among the delegations in favour of continued support of the activities entrusted to the ECLAC Secretariat in connection with water through active participation in them.

217. The Committee adopted its report,<sup>\*/</sup> together with the work programme for 1988-1989, to be brought to the attention of Committee II and submitted to the plenary meetings of the Commission. It also approved by consensus a draft resolution on activities in the field of water resources, for submission to the plenary.<sup>\*\*/</sup>

b) Report of the Committee on Human Settlements

218. The Sessional Committee on Human Settlements, which was set up under ECLAC resolutions 387 (XVII) and 419 (PLEN.14), met on 17 and 18 April 1986 to consider agenda item 8.

219. The delegates had before them the following documents: "Critical areas for the formulation of policies on human settlements in Latin America and the Caribbean: A synthesis" (LC/G.1379); "Draft Programme of Work of the ECLAC System, 1988-1989" (LC/G.1393); "Impact evaluation methodology for infrastructure projects" (LC/G.1373); "Codes, regulations and standards on water supply, sanitation and solid waste disposal, with emphasis on low-income community requirements in Latin America and the Caribbean" (LC/G.1374); "Middle-rank human settlements in territorial organization strategies in Latin America and the Caribbean" (LC/G.1375).

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<sup>\*/</sup> Conference Room Paper PLEN/3.

<sup>\*\*/</sup> Ibid.

220. In opening the meeting, the Secretariat emphasized the importance attached to the agreement signed with the United Nations Centre for Human Settlements (UNCHS), under which the Joint ECLAC/UNCHS Human Settlements Unit had been set up. The Secretariat representative also noted that as the human settlements programme of the Commission was being executed by that Joint Unit, the Executive Secretary had invited the Executive Director of UNCHS to send a representative to the meeting of the Committee, and in response to that invitation Mr. Ernesto Winskowski was among those attending the present meeting.

221. The Secretariat presented the document "Critical areas for the formulation of policies on human settlements in Latin America and the Caribbean: A synthesis" (LC/G.1379), highlighting some of its most important aspects.

222. All the delegations participating in the debates highly praised the document presented by the Secretariat, which highlighted the main problems affecting human settlements and put forward some lines for policy formulation and action in this matter. One representative, however, said that he would have liked the document to have been more concise, so that its important recommendations could have been given broader dissemination.

223. Several delegations agreed on the importance and seriousness of some of the critical areas displayed by the process of human settlements in the region, with special emphasis on the phenomenon of population concentration and metropolitanization, the emergence and proliferation of precarious settlements in both urban and rural areas, and the increase in absolute terms in the number of persons living in conditions where many of the needs in respect of quality of life and the environment were not being met. They also stressed the need to speed up decentralization processes and to support the promotion of middle-rank cities.

224. One delegation referred to the desirability of reducing the negative effects of the concentration of population and of economic activities through solutions promoting the creation of a harmonious and suitably ordered urban system.

225. Another delegation expressed its agreement with the distinction drawn by the Secretariat between policies on population distribution and territorial organization at the national scale and those referring to specific urban centres. It felt that decentralization should not mean only a policy emanating from the centre, but rather a concerted effort at the different levels of government to promote and support the local development potential and growth rate. In the present situation of shortage of resources, decentralization should not involve high economic costs for the State, although it was of fundamental importance to carry out substantial efforts in the fields of industrial reconversion and the relocation of major national and foreign investments.

226. Several delegations stressed the need to strengthen local governments so that they could effectively carry out development plans and projects at the local level.

227. One representative emphasized the importance of analysing specific problems of human settlements in the region within the context of the more global processes which had taken place there. In that respect, he noted that the imbalances in population distribution reflected an imbalance in the development strategy of the region, where

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industrialization had increased at the expense of agriculture and there was also inequality in the distribution of income and resources within the individual countries. The problem of human settlements demanded a reduction in migration to the cities and the improvement of the quality of life of the people already living in them. Decentralization of economic activity was also very necessary: to that end, greater recognition must be given to the importance of the informal sector of the economy and to closer co-operation between the official bureaucracy and that sector. Finally, he noted that the problems in this field should not be tackled only from a technical point of view, but also from a political viewpoint.

228. Another representative said that centralization and the excessive growth of some urban centres seriously affected the development plans of the countries of the region. The solutions to these problems were not easy, nor could they be the same for all countries, but the latter had finally become aware of the dangers involved and had begun a process which would be long, costly and difficult, but which was unavoidable. He agreed with the view of the Secretariat that the crisis was not just of an economic nature, but was also due largely to long-standing structural problems which had characterized the economic, social and political development of the region for a long time past: many of the effects of those problems would be irreversible, at least in the short and medium term, so that it was necessary to take them into account in the future as conditioning factors of the policies to be defined.

229. Another delegation indicated that it attached great importance to the subjects dealt with by the Committee, in particular because its country had initiated a process of far-reaching institutional and political change which in turn required changes in the structure of the national system of human settlements.

230. Another representative stated that human settlements constituted a factor closely linked to the development and improvement of the population's living conditions, particularly in so far as meeting the housing needs of the lowest income sectors was concerned. Another delegation mentioned the difficulties its country was encountering in solving the problems of human settlements as a result of the virtual state of war affecting it, which obliged it to divert a considerable part of its resources to defence.

231. Referring to the activities being carried out by its country in the field of housing and urban development, another delegation stressed the importance of concertation between the various levels of government and the community in meeting the objectives set as regards housing requirements. The delegation placed special emphasis on the dramatic consequences of the natural disasters which had recently affected a number of countries in the region, and underlined the need for the international co-operation bodies to draw up special operational mechanisms for such circumstances.

232. Another delegation pointed out that such special mechanisms would also need to be applied to the situations of violence affecting several countries in the region. It also noted that the high population density of its own country constituted a special case with regard to the features of human settlements in Latin America, and pointed out that this situation deserved special attention and called for the definition and application of a policy on migration designed to offer valid and concrete solutions.

233. At various points in the debate, a number of delegations referred to the negative impact which the crisis and external debt were having on the countries of the region, in that they prevented them from meeting in a timely and efficient manner the needs of their population in the areas of housing, equipment and services.

234. With regard to the International Year of Shelter for the Homeless, the representative of the United Nations Centre for Human Settlements read a message from Dr. Arcot Ramachandran, Executive Director of the Centre. In this, Dr. Ramachandran pointed out that the International Year of Shelter for the Homeless constituted the culmination of the first phase of a programme designed to ensure adequate housing for all by the year 2000: a far-reaching goal which could only be achieved through a change in public policies at the world level. He also stated that it was estimated that one billion people, i.e., one quarter of the world's population, at present lived in a state of absolute poverty, without housing, or in extremely inadequate and unhealthy dwellings. He went on to say that in Latin America millions of children were abandoned and homeless and that, in spite of the considerable increase in governmental activity in this area over the past decade, the situation regarding housing for the poor in developing countries continued to deteriorate. The readjustment policies which the countries of Latin America had been obliged to adopt had had a direct negative impact upon the housing sector, through the reduction in public expenditure and subsidies. In turn, the deficiencies of housing and human settlements systems impaired economic activity in general. He emphasized that national economic growth depended to a large extent on the efficient operation of urban centres and that, as cities grew, they became major centres of industry, commerce and trade, attracting large capital investments and offering opportunities for employment. It was therefore obvious that the construction of human settlements had an important contribution to make to the economic growth of the countries of the region.

235. In his message, Dr. Ramachandran went on to say that the International Year did not only represent a year which was intended to focus attention on the most urgent problems of housing for the homeless, but also constituted a programme of action for the period before, during and after 1987, as it was necessary to demonstrate practical and economic solutions to the different problems. He also indicated that the International Year should provide a suitable opportunity for the governments of Latin America and the Caribbean --conscious of the importance of housing from the human and economic angle, and bearing in mind the vast numbers of inhabitants of the region bereft of suitable dwellings-- to concentrate their efforts on seeking and applying viable solutions for that sector of the population.

236. A number of delegations expressed their satisfaction with the presentation made by the representative of the United Nations Centre for Human Settlements, and with the content and orientation of the programme for the International Year of Shelter for the Homeless. They expressed their support and backing for the activities which ECLAC and UNCHS would jointly carry out in the region as part of that programme, and stressed the importance of those bodies in the search for solutions to the problems affecting human settlements in the region.

237. The Secretariat then introduced the programme of work of the ECLAC system in the area of human settlements for the period 1988-1989.\*/

238. One delegation asked that consideration be given to the possibility of including in the programme of work provision for conducting appraisals of the various decentralization and regionalization programmes that had been put into effect in several countries of the region. It also indicated that it considered it important, in view of the crisis affecting the countries of the region, to study alternative ways of financing activities pertaining to human settlements.

239. Another delegation pointed out that it would be desirable for the programme of work to include the possibility of carrying out activities relating to the situations arising from the natural disasters which so frequently affected the countries of Latin America and the Caribbean. It indicated that it attached great importance to the training activities included in the programme of work.

240. Another delegation expressed its satisfaction at the fact that the budget for the 1988-1989 programme of work did not represent an increase over the budget for 1986-1987. It expressed its concern, however, at the fact that the implementation of several of the activities included in the programme depended on the obtaining of extrabudgetary resources. Another delegation asked that provision for studies of the migratory processes in the countries of the region be included in the programme of work.

241. One representative expressed his satisfaction with the integral approach taken by the document presented by the Secretariat on critical areas for the formulation of policies on human settlements in Latin America and the Caribbean. He said that in his country, development models had been applied which had failed to solve the problems of centralization, by which he meant not only economic and demographic concentration, but also decapitalization of the peripheral areas. The latter phenomenon was responsible, for example, for the age-old stagnation of the agricultural sector, with its consequences of inflation and external account disequilibrium, as well as its heavy social and cultural impact on the migrant populations. One of the central factors of the new development strategy being applied by the present government was development of the interior, and in that context micro-regions --defined as smaller-scale economic areas within which public investment programmes were applied-- had been established as a means of bringing about the participation of the peasant populations designed to benefit from the programmes, as a first step towards the creation, within the short term, of regions possessing political, economic and administrative autonomy within a unified State structure. An example of the integral approach to the development of human settlements was the interlinking of national macroeconomic policies with economic and social policies laid down at the local level in the areas of credit (zero interest rates for certain areas of the country, for example), monetary matters, tariffs, employment, etc.

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\*/ LC/G.1393, pages 37-42.

242. During the Committee's discussions, a draft resolution \*/ sponsored by several delegations was presented on the activities of the Secretariat in the field of human settlements during the period 1988-1989 and during the International Year of Shelter for the Homeless.

243. After consideration of this draft resolution, several delegations requested their positions to be placed on record as follows:

- a) "The Canadian delegation desires to express its reservations regarding the wording of paragraph 7 of the resolution of the Committee on Human Settlements. The paragraph in question refers to the need for an increase in international co-operation, as well as in the volume of external resources granted on 'concessionary terms'."
- b) "The United States reserves on the first preambular paragraph of the resolution on human settlements. We believe the reference to "economic and social crisis" is unduly vague and broad. This reference should be confined and narrowed to human settlements concerns. We hope to work with other delegations in seeking language with which we could agree without reservation.

"We believe that operative paragraph 4 of the resolution is not relevant to the resolution. We reserve on this paragraph. We see no reason to inject political concerns into this resolution.

"We reserve on operative paragraph 7 because of its insistence on an increased flow of external resources on preferential terms earmarked for solving human settlements problems. We agree that the need to mobilize additional domestic resources is crucial and even more important than additional external flows."

- c) "The United Kingdom wishes it to be placed on record that, with respect to introductory paragraph 1, operative paragraph 4, and (new) 7 it will be clarifying its position in plenary."

244. At its last meeting, the Committee approved the draft resolution for submission to the plenary meetings of the Commission. It also approved the present report for the same purpose.\*\*/

- c) Report of the Sessional Committee on Co-operation among Developing Countries and Regions

245. The Sessional Committee on Co-operation among Developing Countries and Regions met from 17 to 21 April 1986 to consider agenda item 6.

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\*/ Conference Room Paper AH/3.

\*\*/ Conference Room Paper PLEN/4.

246. The Secretariat presented the document entitled "Activities of the ECLAC System for promoting co-operation among developing countries and regions" (LC/G.1401), containing a description of the operational activities carried out subsequent to the twentieth session of the Commission, within the framework of resolutions 459 (XX) and 460 (XX). This document expresses the hope that the bodies and organizations of the United Nations system and regional bodies can be mobilized more dynamically for the purpose of promoting and supporting technical and economic co-operation among developing countries and regions; stresses that activities of that nature should extend to all the tasks undertaken by the System, and finally draws attention to the need to incorporate the dimension of technical and economic co-operation among developing countries and regions into medium-term plans of the organizations of the System.

247. The Secretariat representative stressed that to a large extent it had been possible to carry out the activities described thanks to the availability of extrabudgetary financing. Moreover, developing member countries of the Commission had increasingly participated in this type of financing, thus supplementing the contributions which the Secretariat had regularly received from a number of developed countries. He also drew attention to the special role played by the co-operation networks as a mechanism providing for the continuity and consolidation of activities in the field of technical co-operation among developing countries. Finally, he noted the multiplier effect of co-operation, accomplished through the interlinking of a wide variety of contributions from both governmental and non-governmental sources.

248. The Secretariat representative also mentioned the initiatives taken in support of activities relating to co-operation among developing countries which had been carried out in the field of information. In that respect, he drew attention to the quarterly publication of the bulletin "Co-operation and Development", which gave an account of the TCDC/ECDC activities of the ECLAC System, and to other recent publications containing selective information, such as the guide to selected institutions associated with TCDC and the first volume of summaries of documents on horizontal co-operation, which had been distributed during the meeting.

249. Referring to specific studies, the Secretariat representative highlighted one which had been formulated by ILPES concerning possible mechanisms for using national currencies for the preparation and implementation of projects in the field of co-operation among developing countries; that study had been submitted to governmental experts for their consideration at the high-level symposium on international technical co-operation held in Mexico City in October 1984. He also reported on the support provided by ECLAC with regard to the formulation and initiation of a UNDP project for examining the viability of a system for making use of unutilized seats in airlines of the member countries of ALADI in order to promote co-operation among countries of the region.

250. To the foregoing considerations, the Secretariat representative added three ideas which might help to guide activities in the field of co-operation among developing countries in the future. Firstly, he referred to the possibility of intensifying the support given to national co-ordinating centres, particularly with regard to the dissemination of information concerning the way in which each country was organized to carry out such activities. Secondly, he mentioned the desirability of promoting the incorporation of all the various organizations and bodies --both

/governmental and



governmental and non-governmental-- in those activities. Finally, he spoke of the need to strengthen co-operation and consultation among the regional commissions, in support of interregional co-operation.

251. In response to the requests of certain delegations, the Secretariat representative gave more detailed explanations on some of the topics dealt with in the Secretariat report and also provided some additional information.

252. An open-ended working group made up of several delegations was set up to consider a draft resolution on technical and economic co-operation among developing countries and regions \*/ which took into account the mandates entrusted to the Secretariat and made recommendations to it and to the governments to serve as a guide for such activities in the future. In response to a question by one delegation, the Secretariat representative informed the Committee that the activities called for in the draft resolution corresponded to the implementation of existing mandates, and moreover could be carried out by using existing resources already assigned to ECLAC.

253. In response to requests from some delegations of member countries, the Secretariat representative gave some details of ways in which the activities referred to in the draft resolution approved by the Committee could be put into practice.

254. At its last meeting, after extensive discussion, the Committee approved the draft resolution "Technical and economic co-operation among developing countries and regions", together with its own report, for submission to the plenary.\*\*/

#### Plenary meetings

255. Statements were made in the plenary meetings by numerous delegations and observers. Those statements revealed significant areas of common ground, especially as regards the seriousness of the economic crisis through which most of the countries of Latin America and the Caribbean have been passing in recent years; the magnitude of the obstacles still to be surmounted in order for those countries to attain rapid and sustained growth, and some of the potential developments that are to be glimpsed in the present economic situation of the world and the region. Thus, there was broad recognition of the fact that the origin of the crisis lies in both internal and external factors, although individual delegations differed in their interpretations of the relative importance of each of those factors. There was also general agreement on the most appropriate set of issues to be dealt with in tackling the subject of the economic development of the countries of the region, and the great majority of the statements made dealt in one way or another with the main items on the agenda of the twenty-first session. A brief summary of the statements is given below.

256. The representative of Trinidad and Tobago said that through all the discussion on the debt problem, hardly any reference had been made to the Caribbean countries. It had become quite clear that neither the Baker Plan nor the programmes sponsored by the World Bank, the International Monetary Fund and other organizations were

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\*/ Conference Room Paper CPRD/1/Rev.1.

\*\*/ Conference Room Paper PLEN/5.

basically intended for the Caribbean countries. Although the name of the Commission had finally been changed to include the Caribbean, it still seemed as if the Caribbean countries were considered a mere appendage to the region. What was lacking was a full appreciation of the gravity of the problems facing those countries, which were seriously hampered by the lack of resources to build up their infrastructure. The Caribbean countries had made tremendous efforts to provide incentives for prospective investors, but the investments were not forthcoming because of the absence of infrastructure. The problems of the Caribbean countries were different from those of the rest of the region, but no less serious. He therefore appealed to members to pay attention to those special needs and to ensure that ECLAC truly served the needs of the entire region.

257. The delegation of Ecuador congratulated the Secretariat on the documents presented at the meeting on the prospects of the regional economy and on the impact of the debt as a brake on the reactivation of development in the region, noting that the external debt was not only a financial problem but also a political issue with serious social and economic repercussions for the countries of Latin America. In the case of Ecuador, the renegotiations that had taken place had shown that even if conditions improved, the burden of servicing the debt would still be extremely great, in the light of the modest growth rate of the Ecuadorian economy within a structure of technological dependence which accentuated economic dependence. Finally, the delegation noted that in view of the speed at which changes were currently taking place and the magnitude and repercussion of their effects in the short term, it was necessary, on the one hand, to change the concept of what development involved, while on the other hand the international organizations, including the International Monetary Fund and the World Bank, should reform their structures and change their policies in response to the increasingly serious crisis, so that all the countries, working together and in harmony, could apply more appropriate policies to achieve stable, sustained and adequate growth in the region.

258. The Assistant Secretary-General for Technical Co-operation for Development and Special Representative of the Secretary-General of the United Nations for Bolivia and Mexico, after summarizing the main activities of the Department of Technical Co-operation for Development, went on to the most burning problem of the region: the external debt. She mentioned the two special missions carried out to Bolivia and Mexico and referred to the devastating impact of the situation and the need to seek new and integral solutions. She said that Bolivia exemplified the terrible dichotomy between indebtedness and development. The failure of the international community to give timely support to the drastic adjustment programme adopted by Bolivia in August 1985 showed the need for greater understanding of the serious implications of such situations for the maintenance of the democratic process and political stability in general, as well as the need to develop machinery for supplying the immediate aid required by countries like Bolivia --which did not receive due attention because although their indebtedness was enormous in relation to their capacity to pay it nevertheless did not amount to a threat to the world monetary system-- until such time as the traditional machinery came into operation. She noted that in the case of Mexico, the United Nations appeal for the provision of US\$ 375 million of aid for rehabilitation and reconstruction projects after the earthquake of September 1985 had not received an adequate response from the international community either, although the amount requested represented less than 10% of the total cost of the damage, which was estimated at US\$ 4 billion. In view of the financial impact of that tragedy on the economy in general, which was further buffeted by the drop in oil

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prices, such contributions were needed not only in order to facilitate the enormous task of reconstruction but also in order to increase the country's capacity to face up to its external financial commitments by freeing resources that would otherwise have to be devoted to repairing the earthquake damage. The great challenge of today, she said in conclusion, was to make the concept of interdependence a reality through practical measures.

259. The Regional Director of UNDP for Latin America and the Caribbean noted the positive interaction that UNDP maintained with ECLAC in formulating and implementing programmes, and he underlined the role that UNDP could play as an instrument at the service of the countries in changing structural situations, in providing high-level international advisory services and in facilitating contacts between national technicians and members of the governments. In that regard, he indicated that there were 41 national programmes to be submitted to the UNDP Governing Council for approval at its forthcoming meetings.

260. The representative of the United States, noting that the past ten years had witnessed the triumph of democracy in Latin America, said that the outline of a new social contract was taking shape in countries throughout the region. It was a contract of freedom, of equity and of justice, and the future looked promising. Yet in the minds of many, the prospects of that future were overshadowed by the realities of the present economic situation. Latin America and the Caribbean might well be going through the most trying economic period in the history of the region. Despite the painful adjustment efforts that had been made, economic growth remained slow, and the external debt of many Latin American countries remained a serious problem.

261. After summarizing his country's views on the debt situation, he pointed out that the programme for sustained growth put forward by Secretary of the Treasury Baker in October 1985 offered a framework for co-operative action to encourage and support debtors' efforts to improve their growth prospects. In the spirit of Latin America's new social contract of democracy, the United States was playing its part through stronger growth, open markets, sounder fiscal policies and recent trends towards lower interest rates. Many Latin American governments had begun to create a more positive climate for private investment, and he believed investors would respond to those improved conditions. Those governments were shifting away from an anti-business attitude, reducing excessive control and regulation, limiting the scope of State-owned enterprises, creating tax incentives for investment and adopting growth strategies that emphasized equity financing rather than debt accumulation. Those policies provided the basis for a partnership of freedom, equity and justice between governments and the private sector and between the United States and the countries of Latin America and the Caribbean.

262. The representative of Colombia pointed out the need for explicit recognition of the phenomenon of world economic interdependence, since the debt concerned both debtors and creditors alike. He emphasized that both parties should carry on a dialogue until a solution was found and that, in his opinion, the statement delivered by the President of Mexico should constitute a base for the analysis of the crisis. The appeal that the President had made to ECLAC to carry out substantive tasks in this field and to hold a special meeting should be viewed as a challenge which the Commission would have an important role in meeting.

263. The representative of the Council for Mutual Economic Assistance (CMEA) underscored the importance of the peace initiatives taken by the countries of CMEA, in particular the programme to establish a universal system of international security, even in the economic field. The representative informed participants of the results and prospects of multilateral economic co-operation among the countries of CMEA in the light of the agreements adopted at the summit conference of those countries and explained the significance of the "Integral Programme for the Scientific and Technical Progress of the Member Countries of CMEA up to the Year 2000", stressing the potential which the programme provided for broadening co-operation with developing countries, including the countries of Latin America and the Caribbean. The representative expressed the willingness of CMEA to continue to develop co-operation with ECLAC with the aim of broadening the economic and trade relations between the countries of CMEA and those of the region, in the interests of strengthening international co-operation and preserving peace.

264. The representative of UNICEF said that there were broad approaches to adjustment which took into account human well-being and protection of the nutritional levels of the most vulnerable sectors of society. Such approaches entailed the adoption of expansionary policies together with a set of macroeconomic measures and specific social policies based on the principle of compensation for the poorest groups of society. He said that in any effort to bring about adjustment with growth that had a human dimension, it was vital to gather and centralize data for transmission to the decision-makers. As a result of the unfavourable conditions existing both inside and outside the region, Latin America was experiencing the worst economic crisis in its history, and the effort to meet external debt servicing commitments was generally based on the adoption of orthodox policies which had not succeeded in sharing out fairly the cost of the adjustment but did not need either in theory or in practice to be regressive. There was a human dimension to the process of adjustment which was not well understood and was often confused with a welfare programme, whereas in fact the proposed approach was based on a programme of investment and an increase in production. In addition to being a tragedy and an economic error, losing sight of the human dimension left children unprotected at a critical stage in their growth and development, thereby inflicting irreparable damage on future decades in any developing society.

265. The representative of the Latin American Economic System (SELA) said that after having listened to the statements made during the opening meeting, with their emphasis on the great sacrifices made by the peoples of the region, one fundamental conclusion was clear to him: this was the end of the road for such an inequitable form of adjustment in Latin America. The initiative no longer lay with the region, but with its creditors, and the latter should concentrate their efforts on returning to the path of growth from which the region had been diverted in recent years. A renewal of development within the context of the far-reaching changes which had taken place in the world situation would be no easy task. Latin America's response had so far been extremely weak, as the return to a stage of growth was hampered by the problem of the external debt. The region's possibilities for directing its growth were jeopardized by the ignorance of the centres about what was happening in the periphery. The representative expressed his conviction that the present session would have deep repercussions for the region, and concluded by asserting that the countries of Latin America and the Caribbean should take concerted steps to seek solutions to their problems.

266. The representative of Chile outlined the most salient features of his country's economy in 1985. He mentioned the serious deterioration in export prices, the high cost of servicing the debt, and the adjustment process, all of which had resulted in a loss of purchasing power of wages, a decline in consumption, an increase in unemployment and difficulties of a financial nature. The government of his country was striving to bring about a recovery of the economy, to increase production and employment, and to consolidate and stabilize the country's finances. The problem of greatest concern to his government was that of the debt, which had made it necessary for Chile to apply drastic measures aimed at internal adjustment. At the Latin American level, that problem should be resolved equitably through a comprehensive dialogue which would provide a point of departure for separate negotiations conducted by each country. Reiterating his government's firm intention of meeting its obligations in respect of the debt, he said that goodwill and understanding must be displayed by the parties concerned and added that in view of the current unfavourable climate as regards international trade, his government had supported the holding of a new round of negotiations within GATT. He took a positive view of the initiative put forward by James Baker, Secretary of the Treasury of the United States, since it recognized the co-responsibility of the parties in respect of the debt. Finally, he said that ECLAC was called upon to play a decisive role in seeking solutions for the region.

267. The representative of Egypt said that his country attached great importance to the efforts to deal with their economic problems made by the developing Third World countries in Africa, Asia and Latin America and the Caribbean. His country was making its contribution to those efforts in the form of an economic strategy designed to support them and to promote the establishment of a new international economic order. He mentioned some of the obstacles which hindered the resumption of growth in the developing countries, such as the deterioration of commodity prices (including oil prices), the decline in export earnings, the deterioration of the terms of trade, the increase in protectionism, the aggravation of the external debt problem and the need to allocate a large share of the gross domestic product and export earnings for debt service. With regard to co-operation among developing countries, he drew attention to the results of the Third Africa-Latin America Seminar held in Cairo in January 1986. He went on to express his concern at the serious impact of the current crisis on the economies of Latin America and the Caribbean, expressed his appreciation to the countries of the region for their support of African efforts to overcome the worst economic and social crisis ever experienced by that region, and asked that every effort be made to achieve positive results at the forthcoming special session of the United Nations General Assembly. Finally, he indicated that his delegation was certain that the achievements of the twenty-first session of ECLAC would not only extend to Latin America and the Caribbean, but would have long-term repercussions in Africa and the Third World countries in general.

268. The representative of Uruguay outlined the recent economic experience of his country, briefly describing the state it had been in when the present government took power: extreme and long-standing deterioration of economic activity, a high rate of unemployment, low income levels and a severe external disequilibrium as a result of the adjustment process. In that setting the Government of Uruguay had been up against the difficult problem of reconciling the growing and legitimate demands of a population whose standards of living had been severely eroded with the

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real possibilities for meeting those demands. Its attempts to solve that problem had two basic components: the establishment of a serious and responsible financial programme and the application of social policies aimed at meeting the basic needs of the population; the consolidation of the country's democratic process depended on whether those two elements could be harmonized. The economic programme adopted by the government of his country was furthering the efforts made in that direction although, obviously, those efforts alone could not offset the severe deterioration in international conditions. In his view, a solution could be reached when the governments of the industrialized countries shouldered their responsibility as regards the external debt problem, and a political dialogue such as had been proposed in the current session was essential for reaching a reasonable understanding.

269. The representative of the Soviet Union said that no solution to the economic problems of the developing countries could possibly be found unless the arms race was checked, and he added that halting the arms race constituted for his country an economic, political and moral good. He said that the problem of the external debt formed part of the relations between the developing countries and the West and could not be solved unless international economic relations were restructured on a fair, equitable and democratic basis. In order to arrive at that solution, it was absolutely necessary to lower the interest rates charged on loans and credits, fix foreign exchange priorities, relinquish protectionism, restructure the international financial and monetary system and democratize the financial institutions. Similarly, an end should be put to the political pressures exercised against States which were facing financial and monetary difficulties. The major Western countries were not only systematically blocking the efforts of the Soviet Union to restructure international economic relations, but also --for their own gain-- proposing the wrong solutions to the developing countries for restoring their economies. The Soviet Union would continue to strengthen economic, technical and scientific co-operation with the developing countries, based on the principles of equality and mutual benefits. In view of the considerable importance of ECLAC's activities, his government was prepared to expand its participation in them. He added that the Commission should make a substantial contribution to the objectives of the International Year of Peace (1986) through more energetic activities aimed at developing international co-operation, examining the links between disarmament and development, ensuring international economic security, solving the external debt problem and restoring confidence in international economic relations.

270. The representative of Guatemala, speaking on behalf of the countries of Central America, said that in spite of the current pronounced economic and social deterioration, the subregion had reacted in an exemplary manner in adjusting public and private expenditure to the external payments requirements, if it was borne in mind that the external debt was equivalent to 35% of the region's total sales of goods and services. With regard to carrying out unavoidable structural changes, he stated that a number of actions were under way to improve installed production capacity, export more and improve the domestic capital formation process. He added that this required technical and economic co-operation from international bodies, temporary relief in negotiations with commercial banks, and more generous lines of credit on preferential terms. In that respect he referred to the need to obtain funds to support interregional trade and mentioned the programmes to convert lines of production sponsored by the Central American Bank for Economic Integration and the Inter-American Development Bank.

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271. The representative of the Netherlands, speaking on behalf of the European Economic Community countries which were members of ECLAC, said that although in general terms there had been a slight improvement in the region's economic growth, this had not been equally shared out among all the countries, most of which continued to encounter serious difficulties in meeting their financial commitments. He added that the problem of the external debt would not be solved in the short term, and underscored the need for close co-operation between debtors and creditors, international financial bodies and private banks. He also said that economic and technical co-operation between developing countries and regions was a vital factor, since it could provide a major complement to co-operation between developed and developing countries.

272. Subsequently, speaking on behalf of the Netherlands, he stated that his country attached great importance to the work carried out by ECLAC in recent years, above all with regard to economic integration and co-operation among the countries of the Caribbean, and expressed his support for the creation of a post of Social Affairs Officer at the ECLAC Subregional Headquarters for the Caribbean in connection with the programme for the integration of women into development, which had been made possible by a redistribution of the Commission's present resources.

273. He then went on to express his country's concern over the financial crisis affecting the United Nations, due partly to the failure of a number of countries to fulfil the financial commitments they had entered into when they joined the system, and he urged member States to take suitable measures to enable the Organization to overcome the crisis. He then stressed the achievements of the United Nations Secretary-General in reducing the Organization's expenditure, and expressed his optimism as to the measures to be proposed in this respect at the next United Nations General Assembly by the High-level Group set up by the Organization.

274. He also expressed his country's concern over the problem of the external debt, the solution of which should be sought by all the parties involved through the continuation of the adjustment efforts of the countries of the region; individual financial analyses in the appropriate forums; measures designed to promote free access for exports to foreign countries; a renewed impetus for commodity agreements aimed at achieving a better balance between supply and demand, and the promotion of net capital flows towards the developing countries in accordance with IMF and World Bank principles. In that respect, he underlined the importance of the developing countries' contribution to the discussions on the international monetary system and the Baker initiative in the appropriate forums.

275. He noted that the imbalances in the countries' balance of payments were partly the result of the increased protectionism affecting international trade and that it was urgent to liberalize trade for the benefit of the developing countries and to increase investments in those countries in coming years.

276. In conclusion, he welcomed the holding of a Special Conference of ECLAC late in 1986, as proposed by the President of Mexico, to lay the bases for the economic growth of the region within a framework of international co-operation.

277. The representative of Portugal, after congratulating ECLAC on the quality of the documents presented at the meeting, said that he supported the proposal made by the President of Mexico in his address the previous day and that he agreed with other delegations on the importance of the external debt. He added that his country, faced with the negative effects of the economic recession, had taken several measures to achieve financial stabilization without damaging free trade. In that respect, Portugal supported the new round of multilateral trade negotiations within GATT, and it was hoped that they would lead to the elimination of various trade restrictions, thus enabling the developing countries to increase their export incomes and ensure the service of the debt. He concluded by saying that Portugal pursued co-operation activities with European and non-European countries in different projects and said that the North-South dialogue was important for finding global solutions in the area of development.

278. The representative of the United Kingdom noted that there had been some modest resumption of economic growth in the region since 1984 but that formidable economic problems were still faced. Per capita incomes had declined during the 1980s, inflation remained a major problem in some countries, and there had been a steady increase in unemployment. The poorest sectors of the community had suffered most, but the decline in the standard of living had been general. Recent developments in the world economy had had a profound effect on the region, and it was therefore time to review progress. In doing so, it would be important to avoid raising unrealistic expectations but rather to concentrate on what could be achieved in practical terms, bearing in mind the vast human and natural resources enjoyed by the region but also remembering the very real differences between the various Latin American and Caribbean countries in the problems they faced and the ways in which they tackled them.

279. The debt problem remained the region's greatest challenge, and much had been achieved as a result of the responsible way in which individual debtor countries had sought to overcome their difficulties. It was clearly a long-term problem, but without continued short-term adjustment, long-term growth might well prove elusive. The best contribution which governments of industrialized countries could make was to maintain open markets, liberalize trade, pursue policies aimed at increasing growth, reduce exchange rate instability and further lower interest rates. The performance in 1985 had been disappointing in certain respects, but there were now more encouraging signs, including the fall in oil prices, falling inflation rates in developed economies, drops in the interest rates in at least two of the major industrialized countries and the prospect that the new round of multilateral trade negotiations would provide an opportunity to make further inroads on protectionism. His country had played a big part in easing the debt burden of developing countries by participating fully in Paris Club negotiations involving the rescheduling of both principal and interest and consistently supporting the role of the World Bank and the International Monetary Fund. Finally, he noted the need for more imaginative ways of increasing investment in debtor countries, with emphasis on the role of capital inflows which did not add to the debt burden, and mentioned that the United Kingdom had recently signed the Convention under which a multilateral investment guarantee agency would be established.



280. The representative of France said that the relationship between his country and Latin America and the Caribbean was the result of deep and immemorial links of friendship, and France attached great importance to the regional economic commissions as meeting places and centres where regional co-operation was organized, to which it was anxious to make its contribution. In that respect, he stated that in 1984 his country had signed an agreement with the Executive Secretary of ECLAC whereby a trust fund had been set up. That agreement had been renewed in 1986 and had made it possible to contribute to the training of specialists, particularly in ILPES and CELADE. On the problem of indebtedness, he stated that it was a problem which concerned the international community as a whole and that, for a considerable time past, France had been expressing its support for a discussion between debtors and creditors which would cover technical aspects of the consolidation and renegotiation of the debt connected with the need to apply long-term strategies for development. Indebtedness was a matter of responsibility between debtors and creditors, and the adjustment effort should involve structural measures such as stimulating saving, giving priority to productive sectors and diversifying the sources of foreign-currency income. France had therefore put forward the idea of adjustment and development plans based on close collaboration with the IMF and the World Bank, but it was aware that in order to achieve satisfactory results that policy needed to be applied within a favourable international context. The debtor countries could only ensure the recovery of their economies if certain conditions were met, in particular adequate growth of the OECD countries, a fall in interest rates, adequate financing from specialized institutions and an increase in international liquidity. He concluded by stating that France would do all it could to help achieve a lasting solution to the world economic crisis through the goodwill of all concerned.

281. The representative of the Regional Employment Programme for Latin America and the Caribbean (PREALC) referred to the impact of the crisis on the region's employment market and underscored such aspects as the creation of fewer jobs, the regression in the structure of employment as a result of the decline in the quality of jobs, and the reduction in workers' pay. He noted that this situation posed three major challenges for the future: the need to reactivate the Latin American economy within a context of structural rather than recessionary adjustment, i.e., the transformation of the economic structure to cope with external restrictions; the translation of long-term aims into short-term fiscal, wages, trade and investment policies; and the incorporation of the social actors into the decision-making process, with the identification of certain minimum consensuses without which no national project could exist.

282. The representative of the Federal Republic of Germany said that the presence of his country at ECLAC meetings represented a reaffirmation of its interest in regional and international co-operation in the economic sphere and was evidence of its general policy of supporting the expansion of commercial relations among the developing countries through a determined effort to remove obstacles and open up international trade. He added that his country attached great importance to the improvement of the planning of national, subregional and regional energy resources and said that the approval of a consensus document on the International Development Strategy for the Third United Nations Development Decade had represented a milestone in North-South dialogue and co-operation. Reviewing the main aspects of his government's collaboration with ECLAC, he said that in 1986 its efforts would be centered on promoting water resource management, territorial and environmental

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planning and energy. The fundamental issues underlying the economic situation of Latin America and the Caribbean had not changed substantially, and the problem of indebtedness continued to be the matter of primary concern in discussions concerning the future economic development of the region. A strategy of adaptation and financing was required in order to solve those problems and the debtor countries must make their own contribution to that end. That strategy consisted of placing the affected countries in a position where they could meet their obligations. Definite progress could be made in trade policy in the framework of a new round of negotiations in GATT, and the developing countries should strive to gain greater access for their products on the markets of the industrialized countries, in order to improve their trade balance and increase their exports. In order for Latin America and the Caribbean to be able to consolidate their export capacity, new investments would be needed and an impetus would have to be given to industrialization and the diversification of exports so as to increase foreign exchange income. The normalization of credit relations between debtors and creditors was also a fundamental step that had to be taken in order to restore confidence and guarantee the flow of foreign capital to the developing countries.

283. The representative of Cuba said that Latin America was passing through the worst period in its history and the external debt had become impossible to bear, giving rise to economic and social problems which were reflected in unprecedented mass unemployment. Among the external factors involved, he mentioned the ominous international economic relations imposed on the region, which had been the victim of systematic spoliation and had suffered the bleeding-off of resources which had helped the United States Administration to finance a huge budget deficit and an arms race which was a source of serious concern to mankind. Among the domestic factors involved, he referred to the structural problems which led to an unjust distribution of the fruits of development. He said that Latin America's external debt was the biggest obstacle standing in the way of its resumption of growth and had turned it into a net exporter of capital, while the situation had been made worse by the slump in commodity prices, unemployment and the reduction in transfers of technology. In such conditions, it was not possible either to grow or to pay the service on the debt --which, in any case, could not be collected-- so that political solutions were needed, reached through negotiations between creditor and debtor governments. He noted also that the very high cost of the adjustment jeopardized the political and social stability of the region and raised the danger that the process of democratization might not be consolidated or might be interrupted. Since development could not be achieved without peace, his country rejected the concealed war being waged by the White House against the people and the Government of Nicaragua.

284. The representative went on to say that the external debt was fundamentally a political problem, in the face of which it was necessary to co-ordinate positions in order to exert full bargaining power; those who had believed it was only of a temporary nature had been seriously mistaken, and it was encouraging to note that ECLAC gave that problem the importance it really deserved. Its solution would not put an end to the structural shortcomings of the region, however, nor would it change the unjust system of international economic relations, so that it was essential to establish a new international economic order, to strengthen regional co-operation and integration, and to give whole-hearted support to other nations which took the necessary individual decisions vis-à-vis the external debt problem or in response to attempts at economic coercion on the part of some developed country.

285. In exercise of the right of reply to the statement made by the representative of Cuba, the representative of the United States of America said that in his delegation's view the current session was an economic conference sponsored by an organization with the word "economic" in its name, and he hoped that spirit would prevail in it. At the opening of the session, his delegation had expressed concern that some other delegations might not set a proper tone for an economic meeting. He found it incomprehensible that a delegation could use the present session as a political platform, and considered that the remarks made by the representative of Cuba were unacceptable, out of order, composed of malicious lies, and consisted of political rhetoric regarding United States policy towards Latin America. They had amounted to a personalized attack on the United States and on its economic and financial policies. He then reviewed some of the issues raised in the Cuban statement, dealing first of all with the issue of Central America. He reminded the participants that his country had welcomed the Sandinista revolution's early statements in the Organization of American States that it would establish democracy. His country had provided the Sandinista Government with more aid in its first 18 months than it had given to the previous governments of Nicaragua in the preceding ten years. Only after it had become increasingly apparent that the Sandinista Government was attempting to subvert the governments of neighbouring States had the United States ceased to aid the Sandinistas and initiated military aid to nations threatened by the Sandinistas. The United States had continued to implement that policy. He pointed out that 75% of the aid it was providing was for economic development, and only 25% was for military defense.

286. He found it strange that the Cuban delegation should make such statements, since Cuba was a country which had supported terrorism and insurgency in various countries of the region. Cuba had about 4 000 troops and 3 000 advisors in Nicaragua. Cuba and Nicaragua claimed that this huge military assistance was for "defensive" reasons, but it had begun immediately after the Sandinistas had taken power and included more than 300 tanks and armoured vehicles, plus other military armaments not normally considered to be "defensive". Cuba was a country whose economy had deteriorated steadily throughout two decades despite enormous assistance from the Union of Soviet Socialist Republics. More than 10% of Cuba's population had voted with its feet and had left since the advent of Marxism.

287. The representative of Cuba had implied that the financial and credit policy of the United States in Latin America had hurt that region. The delegation of the United States rejected that assertion and reminded participants of some aspects of its country's policy with regard to growth and development, the aim of which was to assist Latin American countries in finding solutions to their economic problems. In that connection, the United States representative mentioned, inter alia, bridging loans, export and agricultural credits, the fact that the United States had worked with commercial banks to support the debt reschedulings and had put forward a programme for Sustained Growth providing for greatly increased capital flows if certain domestic policy reforms were undertaken by the debtor nations.

288. In connection with trade he mentioned the implementation of the Generalized System of Preferences and the fact that the President of the United States had promoted the most liberal trade possible, rejecting the trade barriers proposed by Congress in respect of a number of items, including shoes and copper. He also mentioned his government's efforts to help the poorest nations of Latin America and the Caribbean, through the Central American Initiative and the Caribbean Basin Initiative, and its moves to provide increased access to United States markets and to promote investment in Latin America. A major effort was under way to bring those initiatives to fruition.

289. Speaking at the personal level, he said it was his view that possibly in the whole history of mankind there had never been a nation as humanitarian as the United States. He understood that thanks were difficult to formulate, but the United States was tired of unbalanced rhetoric about its efforts, and would not tolerate falsehoods of the type uttered by the Cuban delegation.

290. In exercise of the right of reply, the representative of Cuba said that he did not consider that in his statement he had referred to political questions outside the scope of the conference. It was necessary to call things by their true name, however, and in the history of Latin America it was difficult to avoid mentioning the United States as the cause of its ills. He regretted that the representative of that country had introduced political elements into his first statement in the plenary, which had been full of recipes all too well known in Latin America and the Caribbean, calling for the transnationalization of the economies of the region, but whose results were open to doubt, as they were couched in terms and on conditions which were far from clear to the nations involved. Although the United States delegation had sung siren songs and disguised its wolfish policies in sheep's clothing, the Cuban delegation had nevertheless had to listen to it patiently.

291. The Cuban representative went on to say that the United States policy vis-à-vis Latin America could truly be described as nefarious, since it resorted to blockades, every kind of blackmail and pressures on its allies to hinder the economic and social development of Cuba. He recalled that it was Cuba's lot to be located very close to the United States and to be the first socialist country of Latin America, which was something the United States could never forgive, but his country was prepared to withstand the actions of the United States in the economic, political and even military fields. He said that it was not for Cuba to reply to the United States' references to Nicaragua --a nation which had written pages of glory and sacrifice in the history of Latin America-- but he could not fail to mention that, according to press reports, President Reagan had recently declared to the Heritage Foundation that Nicaragua was seeking a new Libya on the very doorstep of the United States, and that that was a new and serious threat. Finally, the Cuban representative expressed his country's fullest willingness to work with the countries of Latin America and the developed countries of the West in a frank and sincere debate aimed at securing the success of ECLA's work.

292. In exercise of the right of reply, the representative of Nicaragua expressed his surprise at the statements made by the representative of the United States, not so much on account of the reference to Nicaragua, since such attacks were of daily occurrence, but because those statements represented a lack of suitable respect for the conference and the delegations attending it.

293. He went on to say that his delegation had originally decided not to make a statement at the session, since it had been agreed that Guatemala would speak on behalf of all the Central American countries, but the words of the United States representative forced him to reply. The United States asserted that democracy meant the right to choose, but the truth was that what the United States was doing at present in its Congress was to choose how to kill Nicaraguans. The economic development of Nicaragua depended necessarily on the cessation of the military aggression of the United States. Moreover, the representative of the latter country was distorting concepts when he spoke of "freedom fighters" when referring to the Contras or of "economic freedom" while at the same time a pitiless blockade was being imposed on Nicaragua. The only strength of Nicaragua -- a poor country which had difficulty in feeding its three million inhabitants -- was its determination to defend its sovereignty, to remain free, and not to allow itself to be trampled on by anyone, but that displeased the United States, which claimed to be a humanitarian country. Nicaragua was the victim of a hostile propaganda campaign by the United States. In conclusion, the representative of Nicaragua called for reflection and common sense on the part of those directing United States policy on Nicaragua, in order to avoid possible crazy acts.

294. Speaking in right of reply to the remarks just made by the representatives of Cuba and Nicaragua, the representative of the United States said he wished to make it clear how the present exchange had arisen. His delegation had not raised the issues under discussion. They had been raised by the delegation of Cuba. He understood the Nicaraguan representative's concern that he had been brought into it.

295. He also noted that representative's remarks about the smallness of his country, but its smallness was by no means proportional to the extent and size of its military buildup, as mentioned in his delegation's intervention regarding Cuba. He ended by expressing his delegation's willingness to co-operate with other delegations, and said he hoped the meeting could now return to concentrating on addressing the economic problems of countries.

296. The representative of Bolivia said that his country was suffering from the most serious economic crisis of recent times and had registered considerable falls in its gross domestic product and foreign trade. That situation had drastically reduced the country's import capacity, thus introducing still more factors of rigidity into its economy, since it could not make the external purchases of inputs and capital goods needed to keep the production apparatus going. The growing service of the external debt, the high rate of unemployment and the hyperinflation prevailing in the country had led its government to adopt a number of measures designed to bring the economy back under control, and they had been extremely successful, as was shown by the low rates of inflation registered in the last few months. However, the adjustment policies applied by the government were not an end in themselves but a means for securing an ultimate objective desired by all: development. Once the

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economy had been put on a sound and stable basis that would open the way for a phase in which the productive sectors of the country would begin rapid growth. As Bolivia was gradually entering the reactivation phase, however, it was encountering exogenous factors which hindered its progress, such as the drop in the prices of its main export products, especially tin. In addition, mention should be made of the problems caused by the recent heavy rains, which had led to serious flooding.

297. In order to achieve its objectives of real reactivation of the productive sectors, the representative of Bolivia went on, his country needed external aid. He noted that the United Nations had set up an Emergency Social Fund for Bolivia, in which many countries of the region had undertaken to participate, and he expressed the hope that all those expressions of solidarity would be materialized as soon as possible. He urged the international organizations to grant prompt financing to Bolivia, since further delay in taking decisions in that field could entail grave risks for the political, social and economic stability of the country. An excessive sacrifice by a nation could easily lead to the instability of any political system, and in the case of Bolivia that would mean endangering a democracy which it had not been easy to achieve.

298. The representative of Spain expressed his country's gratitude for ECLAC's efforts in studying, clarifying and helping to improve economic and social conditions in the region and said that he was fully aware of the usefulness of those efforts in giving rise to realistic and viable solutions to the problems encountered there. He noted that Spain was attending a session of ECLAC for the first time since it had joined the European Economic Community. With regard to the external debt, he expressed his concern over that problem and over the stabilization and adjustment policies put forward as quasi-panaceas. In that respect he recalled Spain's position, which had been clearly set out in the statement made last year by the Spanish Prime Minister before the United Nations General Assembly, where he had stated that the problem of the external debt was not an isolated phenomenon but an integral part of economic development in an interdependent world, and that the solution was the responsibility of all countries, creditors and debtors alike.

299. Effective economic co-operation was required to help those debtor countries which followed sound economic policies, and such co-operation could not be restricted to dealing with financial problems case by case. The fact was that the monetary, fiscal and trade policies of the industrialized countries had a direct and serious impact on the developing countries. His delegation could not avoid mentioning the interconnection existing between debt servicing and trade flows, or that between the adjustment policies required by the international financial authorities, the domestic political stability of the countries which adopted them and the conditionality affecting the granting of further loans. His country had adopted a policy of solidarity which took the form of a massive transfer of funds to the region. Furthermore, Spain was seriously concerned over the fact that Latin America continued to be a net exporter of funds to the rest of the world, when it was well known that in order to achieve growth compatible with solving the present levels of unemployment almost US\$ 150 billion would be required in the next ten years. In conclusion, he said that the European Economic Community should intensify its overall co-operation effort in the region and reaffirmed Spain's support for the underlying ideals of ECLAC.

300. The representative of Canada said that at the meetings of the Interim Development Committee of the International Monetary Fund and the World Bank, held in Washington earlier in the month, Canadian Finance Minister Michael Wilson had stressed that the challenge facing the international community was how to move to a stage where efforts at maintaining financial stability in the developing countries could take place in an environment which helped restore growth. He had stressed that success would depend on a high level of co-operation between debtor countries, industrial countries, commercial banks and multilateral institutions, and had said that the Baker proposal had laid an important foundation for developing a comprehensive approach to dealing with the problems of severely indebted countries through an adequately financed growth-inducing adjustment process which dealt with both the macro- and micro-economic weaknesses of debtor countries. In his view, the governments of the industrial countries must provide leadership to commercial banks and support the new role assigned to multilateral development banks, in a new spirit of co-operation. His government had dealt with debt problems on a case by case basis because it felt that each situation had to be considered in context. He reaffirmed Canada's commitment to international development and its support for the various instruments of co-operation currently available and expressed the view that the multilateral trade negotiations would also help improve the present situation.

301. The representative of Brazil analysed the origins of the present crisis and noted that a number of the loan conditions initially agreed upon between debtor and creditor countries, such as floating interest rates, had become unfair for the borrower countries as a result of the subsequent evolution of the world economy, while later attempts at correcting this distortion had not met with a favourable response from creditor countries. He added that although inflows of external funds had aided the economies of the debtor countries during the 1970s, the latter had also helped to put the economies of the creditor countries on a sound footing. He emphasized that this trend was continuing, since no measures had been adopted to lighten the burden of the debtor countries, while banks in the developed countries continued to receive interest payments equal to the whole of the principal, as a result of which the debtor countries were practically unable to pay off any of their debt.

302. With regard to the social and political consequences of the crisis, he indicated that a persistent recessionary climate, preventing the countries' economies from creating the necessary jobs to absorb the increase in the labour force, would inevitably lead to social tensions which could have serious political consequences. In his view it was unacceptable for the governments of the creditor countries to set aside these considerations as being mere attempts at blackmail by the debtor countries and to belittle the seriousness of the efforts which the latter were undertaking in the field of co-operation and co-ordination with a view to establishing a dialogue with the former.

303. He postulated that the conditions imposed on the debtor countries from a position of strength could well be erroneous. In that respect he said that in the case of Brazil --in view of the possibility of fulfilling the Letter of Intent signed with the IMF-- the new government had decided to draw up readjustment measures which were politically and economically viable, and these had led to a burgeoning of the

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economy with an annual growth rate of 8.5%, while in February 1986 a daring economic and financial reorganization plan had been introduced which had brought down inflation from 400% a year to 1.4% in March. Finally he stated that a solution to the problems called for two types of measures: some of a purely financial nature, involving a substantial reduction in interest rates, and others of an economic nature, aimed at permitting the debtor countries to raise the growth rate of their economies by adopting suitable monetary and fiscal policies, applying social policies, controlling inflation, promoting investments and bringing down the fiscal deficit.

304. The representative of Venezuela said that in spite of the difficult economic and financial situation through which the region was passing, his country's government had managed to halt the fall in the gross domestic product observed in the period 1981-1984 by applying structural measures designed to foster a favourable setting for long-term self-sustaining growth. He noted, however, that the drops in the prices of petroleum and other raw materials were exogenous factors that limited that process, so that there was an urgent need to make significant changes in the prevailing economic agreements in order to share the costs of the adjustment more equitably between creditors and debtors, especially as regards interest rates, as noted in the Cartagena Consensus of February 1985. In that connection, he said that --like other delegations-- Venezuela welcomed the recent reductions in interest rates but was opposed to the high commissions and spreads that the international banks applied to the countries of the region.

305. He stated that his delegation shared the views expressed in the ECLAC documentation regarding the need for an expansionary and efficient adjustment in order to export more and replace imports, but he felt that it would be impossible to achieve that adjustment if the region continued to be a net exporter of capital. In that connection, he supported the draft resolution prepared in Committee I of the session, which requested ECLAC to provide the countries of the region with the necessary support in the proposed multilateral negotiations, in the hope that the latter would have favourable repercussions on world trade.

306. He went on to say that in view of the intolerable levels of poverty observed in the region, his government had taken action to relieve that problem in its own country. In that connection, he highlighted the importance of the resolution prepared by the Sessional Committee on Human Settlements regarding support for programmes to improve the quality of life in rural settlements.

307. In conclusion, he expressed his delegation's support for the proposal made by the President of Mexico to convene a special conference of ECLAC to study such fundamental problems as stabilization schemes, the external debt, structural changes and interregional co-operation.

308. Dr. Raúl Prebisch began his address <sup>\*</sup>/ by referring to the speech delivered by the President of Mexico, who had called upon ECLAC to review its ideas and resume its historic legacy and tradition of independent thinking. He expressed his full agreement with the President's proposal, which the present crisis made more appropriate than ever.

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<sup>\*</sup>/ In tribute to the distinguished career of Dr. Prebisch, who passed away a few days after the twenty-first session of the Commission, it has been decided to give the verbatim text of the present address in annex 2 of this report.



309. From the domestic point of view, he stressed the need to renovate the ideas underlying the conventional policies of stabilization and capital accumulation, since those policies did not take account of the changes which had occurred in the structure of society and power relations. Those policies caused the burden of the effort to fall on the weakest strata, which was not only profoundly inequitable but also --to the extent that those strata were able to defend themselves under the prompting of democratization-- militated against the very aims pursued. Monetary stability and higher rates of domestic saving and productive investment would not be achieved through ineffective policies corresponding to a phase in the development of Latin America which was now past, but could only be secured through other policies --necessarily innovative-- which took account of the social and political changes that had occurred in our societies and were guided by the principle of the equitable sharing of both the sacrifices and the fruits of development.

310. He noted that something similar was happening at the external level. The conventional adjustment policies caused the whole weight of the adjustment process to fall on the developing countries, which, since they were the weakest elements in the international system, were forced to accept economic contraction in order to balance their external accounts. That fact was evident once again in relation to the external debt, since the external bottleneck of the debtor countries existed side by side with the enormous profits of the international commercial banks. Those countries had borne the burden of the adjustment so far, but that situation could not continue because it brought with it grave tensions that must be tackled through innovative proposals which took into account the political aspects of the matter. It was essential to take that approach, because the decisions of the great countries which had given rise to the problem --such as the creation of the Eurodollar market and its lack of regulation-- had been political, as was the way in which monetary and fiscal decisions were taken in the United States.

311. It was likewise necessary, he said, to review ideas on external trade, import substitution and export promotion. In those fields, the 1930s crisis and the Second World War had obliged most of the countries of the region to throw overboard the conventional ideas on international trade and come up with solutions appropriate to a situation of profound crisis in the international economic structure. In that case, as in other fields, the conventional ideas put into practice had been imposed by circumstances and did not represent a doctrinal preference. That was how it was necessary to act now, by pragmatically combining exports with import substitution, and the same was true of the international monetary system, which sorely needed reforms that would impose order where the dollar standard had been unable to do so.

312. Dr. Prebisch ended his statement by calling for a joint search for new solutions by both the developed and developing countries.

313. The representative of Peru said that the orthodox adjustment policies applied by his country's previous governments had caused grave social unrest and heightened violence but that from 28 July 1985, the present government had adopted a new economic policy, based on demand growth and cost restructuring.

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314. Previously, continued rising costs had created inflation and recession. In order to combat the recession it was necessary to increase demand by means of higher wages and this entailed changing the income distribution structure and expanding the country's domestic market, because it was no longer acceptable that out of a population of 20 million inhabitants only 5 million should have access to that market. In order to forestall expectations of higher inflation, the new government had decided to establish a price freeze which would gradually be replaced by a mechanism that would ensure gradual price adjustments consistent with any changes in costs. That process of restructuring costs and achieving stronger demand should guarantee progressively higher production and greater price stability as weak effective demand disappeared. At the external level, without prejudice to the possible expansion of its exports, Peru would try to modify its import structure by concentrating on importing those final consumer goods which it was not in a position to produce efficiently itself. In view of the situation of the international financial market, Peru would have to rely for development financing primarily on its own resources, since the chances of receiving any new loans were slim. That situation, combined with the need to free resources for national development, pointed to the desirability of negotiating, without any intermediaries, a position on the external debt which would envisage its servicing in terms of the country's real ability to pay, namely, in terms of its export volume and net trade balance.

315. Among the aspects of the new social policy being pursued by the government of his country, he highlighted income redistribution, the generation of massive employment opportunities, the reorientation of health services towards primary care, and the establishment of the Peasant Development Fund, the Microregional Development Fund, and the Agricultural Reactivation and Food Security Fund. He also referred to the new policies as regards administration of the State and moralization, and made special mention of the fight against drug trafficking, the reorganization of the police and the elimination of bureaucracy. All of those new policies had begun to bear fruit and already in 1986 the inflation rate had dropped, the national economy had been revived, the level of insecurity had been reduced and significant progress had been made in establishing peace in the country.

316. In conclusion, the representative of Peru said that to continue speaking of adjustment, even with the current description of it as expansive and structural, could be dangerous for a country like Peru, which had suffered all the rigours of recessive adjustment. There was no doubt that more adjustment would bring in its train social problems, outbursts of violence and a loss of faith in the democratic system. What was needed was to seek growth with structural changes, more equitable income distribution and the radical transformation of the productive structure which Latin American society required. ECLAC could co-operate in that effort, since the region needed a new development theory on the basis of which it could formulate realistic policies to improve the quality of life of the population.

317. The representative of the European Economic Community (EEC) said that the EEC's interest in Latin America had increased in the past decade and that the recent entry of Spain and Portugal into the Community would undoubtedly strengthen that interest. In that connection, he said that in 1976 the EEC had opened a representational office for Latin America in Caracas, with branch offices in Santiago,

Brasilia and San José. He then reviewed the different EEC activities in Latin America and stressed the fact that the financial assistance to the region for development projects and aid programmes stood at over 700 million European Currency Units. He further stated that the EEC had supported the activities of the Contadora Group from the beginning and that the establishment of peace in Central America was a matter of the highest priority. As proof of that, he noted that the President of the EEC Council of Ministers had attended the last meeting of that Group recently held in Panama, as an observer, and in 1984 had sponsored a meeting of foreign ministers of Central America, the Contadora Group, the member countries of the EEC and the Commission of the European Communities.

318. In 1985, a second meeting had been held in Luxembourg, and for 1986 a third meeting was scheduled in Guatemala. There had also been contacts between the EEC and the Andean Group through a comprehensive political dialogue during which the debt problem had been analysed. In the course of those talks, the representatives of the Andean Group had said that they were prepared to assume their responsibilities despite the difficulties caused by the debt and that they wished to hold bilateral and multilateral talks to renegotiate the debt. Among the measures proposed were the opening up of the markets of the industrialized countries in order to increase the debtors' capacity to repay, increasing the investments from those countries and from institutions such as the World Bank and the IDB, promoting trade and reducing interest rates. Furthermore, the EEC had signed a co-operation agreement with the countries of the Andean Group in 1983. The EEC projects included food aid to the countries with the lowest income, small agricultural projects and regional projects. The EEC had provided emergency aid to Chile and Mexico in 1985 after the earthquakes that had struck those countries and, more recently, to Colombia, after the devastating volcanic eruption there. He stressed the fact that Europe had a grave unemployment problem whilst Latin America and the Caribbean had an external debt problem but that the solution to both was the same: sustained economic growth. Finally, he reiterated the EEC's willingness to continue collaborating with the countries of Latin America and the Caribbean in solving their problems.

319. The representative of Panama said that the present moment called for a stronger determination to act and to establish strategies to resolve the crisis and to move towards new development plans. A new international economic order would have to be found in which the dignity of peoples was respected, fair prices for raw materials and exports were recognized, protectionism by the industrial countries was eliminated, and the financial system was not used to thwart the creative capacity of countries. In respect of the external debt, he said that this should not be converted into a siphon of monetary resources to the developed countries and that the great losses of real income caused by the high debt interest payments had their severest impact on the lower income strata of society. He felt that immediate solutions should be sought to alleviate the lot of the poorest people, for example by lowering the debt interest rates to 2% since the problem did not stem from the debt itself but from the way it was being recovered. The international financial organizations should understand that the problem had gone beyond the economic sphere to the political and social and that it was necessary to make joint efforts to resolve it, each according to his capabilities, at the national, regional and world levels. Production should be promoted by using domestic inputs and appropriate

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technologies and making the fullest use of the labour force and higher credit, as well as by means of better tax administration and the establishment of poles of development in rural areas. For this, revision of the economic, political and social structures was necessary in order to strengthen the ability of the States to formulate and implement public policies which would further regional and subregional economic integration.

320. After outlining his government's views on the economic deterioration of the Latin American and Caribbean countries in the last four years and the measures taken by the Caribbean region in general and his country in particular, the representative of Jamaica said that his delegation had listened with interest to the incisive analysis of the situation given by the President of Mexico and that he shared the latter's view regarding the right approach to be used in dealing with the debt problem. He felt that the solution to the debt servicing problem should be growth-oriented and therefore, his delegation agreed with President de la Madrid that the quest for solutions should be a process of participation in negotiations and agreements and he endorsed the President's call for a renovation of ECLAC. The studies prepared by ECLAC should constitute the basic working documents of the special conference proposed by the President. His delegation trusted that the preparations for that meeting would have no financial implications that could not be absorbed by the regular budget.

321. The representative of Jamaica went on to say that his delegation supported the view of the representative of Trinidad and Tobago that more attention should be given to the experience of the Caribbean. He wished to place on record his appreciation for the increase in resources to the ECLAC Subregional Headquarters for the Caribbean and his satisfaction that in the 1988-1989 biennium ECLAC would give more importance to the Caribbean in those aspects of its programme dealing with water. The CDCC provided a forum where the special interests of the Caribbean subregion could be dealt with, and like ECLAC --the organ on which it depended-- it could only achieve its objectives if member countries were prepared to respect political differences and work together for subregional co-operation. Jamaica was sure that, on that basis, the CDCC, as the multilateral framework for subregional co-operation, would be allowed to continue its work in a constructive spirit.

322. The representative of Haiti said that his country had suffered the economic and social consequences of the crisis that affected the region. Despite the big investments made during the previous decade, the situation continued to be precarious and had reached critical proportions, because at the present time the economy of Haiti was in deep recession with an unemployment rate of 12%, a decline in the standard of living, a reduction in the prices of export products, and an acceleration of the inflationary process, while at the same time the adjustment policies and the production structures adopted had been totally unsuitable. Furthermore, the country had been hit by natural disasters such as hurricanes and drought and there had been a systematic deterioration of the tourist industry. However, the government that had assumed the power in February 1986 had given a new direction to national policy and proposed to establish a democratic structure, correctly administer the national economy, promote national and foreign investments and strengthen international co-operation.

323. Although the work of reconstruction was the responsibility of the Haitian people themselves, the magnitude of the problem exceeded the country's own capabilities and so it was hoped that international solidarity would help to ensure the establishment of genuine democracy, and that such solidarity would be given concrete expression in keeping with the spirit of resolution 147 of SELA. As the ECLAC Executive Secretary had said, the most developed countries of Latin America had more leeway than the least developed ones for coping with the crisis. During the present session, the ECLAC countries should focus their efforts on trying to find new ways of resolving the problems posed by the crisis. Among those ways were the strengthening of co-operation, concertation and solidarity among the countries of the region and a candid dialogue with the more developed members. That dialogue should be constructive and effective, based on good faith, and should help all peoples to gain the benefit of the fundamental rights for which they were fighting.

324. The representative of Argentina said that ECLAC was meeting in circumstances in which the crisis and its effects were projected over the region in the context of an uncertain economic situation shaken by variations in commodity prices, fluctuations in exchange parities, high real interest rates and the steady advance of protectionist practices in the developed countries. Recently, events had been acquiring disturbing negative aspects: the new conditions therefore made it essential to formulate a development model suitable for resuming the path of growth and establishing the ways in which the countries of the region should fit into the world economy. He noted that in the present crisis it was possible to identify certain basic common factors, among which the external debt occupied the central place, and he said that the high real interest rates were an obstacle to the reasonable and equitable evolution of a productive economy. He added that the profound changes taking place in the industrialized countries had given rise to a rapid and complex evolution of international relations, and noted that the barriers standing in the way of access to technical know-how were generating a new international division of labour. If the causes which had given rise to that unfavourable state of affairs did not disappear, the serious social tensions in the nations affected by them would continue to increase.

325. With regard to the particular case of Argentina, he said that the economic adjustment applied had caused a drop of 4.4% in the gross domestic product and a 10.5% contraction in the industrial gross domestic product: figures which bore witness to the government's intention to shoulder its responsibilities in these matters. Those efforts would serve little purpose, however, if the conditions of exportable supply did not help to find a way out of the crisis, or if the production and export subsidies of the industrialized countries interfered with competition and artificially reduced the prices of international sales. He said that it was not reasonable to suppose that it should only be the developing countries which should submit to fiscal and monetary discipline in order to overcome the crisis, and he insisted that administrative order and economic discipline were not the only requisites for achieving development with democracy.

326. The Argentine representative went on to say that his government felt that ECLAC should adjust its work of analysis and its proposals in the light of the changes in the world economy and the present needs of the region. Among the latter

/were technical

were technical assistance and the formulation of proposals for consolidating the regional integration process, the identification of formulas for stimulating the reorganization of productive activity, the preparation of proposals for gaining selective access to technological know-how, and the contribution of ideas to enrich the debate on mechanisms of understanding and multilateral co-operation. In conclusion, he expressed his support for the proposal by the President of Mexico, which summed up the constructive spirit inspiring all the delegations, and said that it was necessary to arrange a more realistic dialogue which would lead to changes in practices which currently generated instability, stagnation and tensions. In that respect, the dialogue already undertaken and the mandates which would be given to ECLAC could open up broader horizons.

Consideration and adoption by the Commission of the reports and draft resolutions submitted by the Committees \*/

a) Committee I

327. The Commission considered the report of Committee I, which takes note of the position paper of Latin America and the Caribbean entitled "Crisis, debt and development",\*\*/ together with three draft resolutions submitted by that Committee.\*\*\*/

328. After adopting by consensus the report of Committee I,\*\*\*\*/ the Commission proceeded to adopt, also by consensus, resolution 476 (XXI) on technical support by ECLAC to the countries of Latin America and the Caribbean for the proposed multilateral trade negotiations and resolution 477 (XXI) on policies for reactivation and for medium- and long-term development.

329. The third draft resolution was put to the vote and adopted, by 21 votes in favour and six against, as resolution 478 (XXI) on the external debt of Latin America and the Caribbean: implications and prospects.

330. With regard to this draft resolution, the delegation of the Netherlands requested that the following declaration should be placed on record in the report:

"The delegation of the Netherlands, on behalf of the delegations of the European Economic Community countries which are members of ECLAC, regrets very much that it has not been possible to reach a consensus on the amended text, about which there were long discussions in Committee I. The lack of consensus has led the Latin American Group to withdraw the amended text and return to the text of the resolution approved by CEGAN at its session in Bogotá last March. As all the delegations present here are aware, we cannot accept this text.

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\*/ See the resolutions adopted by the Commission in section D below and the report on the financial implications in annex 4.

\*\*/ See annex 3.

\*\*\*/ See Conference Room Paper PLEN/11.

\*\*\*\*/ See paragraphs 51 to 95 above.

"The delegations of the European Economic Community countries which are members of ECLAC wish to recall in this respect that we consider that the problem of the external debt must be dealt with in the appropriate forums, case by case, on the basis of financial and economic discussions.

"In conclusion, we wish to emphasize the role played by various delegations in trying to reach an acceptable and constructive consensus, and we repeat our appreciation of the work carried out by the Officers of Committee I."

331. The delegation of the United States requested that the following text be reproduced in the report:

"Mr. Chairman: This resolution on the external debt situation in Latin America and the Caribbean runs counter to the approach and policies of my government on the debt situation, which have met with broad international acceptance, in many respects. Thus, the United States delegation cannot support this resolution nor do we believe that we could easily and effectively inject into it sufficient balance to allow us to support it. I note that yesterday, in a constructive spirit, we presented a compromise that we thought would resolve these problems and lead to a consensus on this resolution as well. This did not prove feasible.

"There is an on-going constructive exchange of views on the debt situation and other economic issues taking place in responsible and technically competent international financial and development fora and my government supports, encourages and participates actively in this process. We stand ready to continue supporting our friends and neighbours in the hemisphere who are committed to helping themselves. As you know, the international community has recently endorsed the programme for sustained growth at the Interim and Development Committee meeting held just two weeks ago. We believe that this effort represents the best manner of proceeding to mutually address the financial and economic problems of the middle-income debtor nations in Latin America and the Caribbean and elsewhere.

"Mr. Chairman, our major complaints on the resolution are with the preambular portion of the resolution as it now stands. Yesterday we were in a position to accept the entire operative portion of the resolution if the unbalanced and prejudicial preambular sections were to be eliminated. This proposed compromise did not meet with approval and the unacceptable preambular paragraphs remained. These paragraphs inevitably and, in our opinion, fatally colour the context within which the operative paragraphs will be implemented. These preambular paragraphs are unbalanced and fail to reflect recent progress on a range of international economic issues. Hence, we cannot now support either the preambular or the operative paragraphs.

"Thus, Mr. Chairman, my delegation must, in good conscience, vote no on this resolutions. I ask that our statement be made part of the written record of this Committee."

332. The delegation of Colombia, for its part, requested that the following text should be included in the report:

/"The delegation

"The delegation of Colombia regrets that it has not been possible to reach consensus on the resolution on the external debt of Latin America and the Caribbean: implications and prospects.

"The Colombian delegation wishes to bring it to the Plenary's attention that there was no disagreement within Committee I on the operative part of the resolution.

"It is worth noting the unanimity of views displayed, in the opinion of the delegation, in the plenary discussions on the topic of the debt, especially on the following aspects: i) the debt weighs particularly heavily on the debtor countries of the region, which are incapable of servicing it without seriously affecting their possibilities of economic growth in the short term and their social and political stability; ii) the problem of the debt affects both debtors and creditors because it is a problem which is the responsibility of both of them: both sides must participate in its solution just as they participated in the contracting of the debt; iii) consequently, it is necessary to promote dialogues between debtors and creditors which will make it possible to find formulas to solve a problem which is the responsibility of both sides."

333. The representative of the United States said that he was obliged to take issue with some of the assertions just made by the representative of Colombia. In the statement which the United States delegation had asked to be included in the records of the plenary it was noted that the unbalanced and prejudicial nature of the preambular paragraphs would inevitably and, in the opinion of the United States delegation, fatally colour the context within which the operative paragraphs would be implemented. Consequently, the United States delegation had finally voted against both the preambular and the operative paragraphs of the resolution because they constituted a "seamless whole". The United States delegation disputed the view that the operative paragraphs of the resolution alone had gained consensus.

334. The representative of Canada said that there were differences between the attitude and orientation of the draft resolution in question and those of his government. He agreed with the delegation of Colombia, however, regarding the similarity of the criteria adopted by the various delegations on the topic, and his country would support the studies to be carried out on the subject by the ECLAC Secretariat.

335. The delegation of Ecuador requested that the report should place on record its regret that it had not been possible to agree in Committee I on a sufficiently acceptable text for the preambular part of a draft resolution of such crucial importance for the countries of the region, particularly since, as the delegation of Colombia had noted, there had been consensus on the operative part of that same resolution. Although words had their own content and significance, actions were much more important, and the delegations had come very close to achieving action, in spite of the differences of words.

336. The representative of Argentina, in his capacity as spokesman for the Latin American Group, expressed the permanent striving of the countries of Latin America and the Caribbean to reach consensus on the draft resolution calling for a study to be made on the external debt. He noted that to that end the delegations of the

/countries of



countries of the region had approached the dialogue with a broad and flexible attitude in search of that consensus, which they had been very close to achieving. Finally, he wished to place on record his firm desire that a topic of such vital importance for the economic and social development of the region and international equilibrium should be the subject of further analysis in future discussions leading to a consensus.

337. The delegation of Chile gave the following explanation of its vote in favour of the draft resolution:

"The delegation of Chile regrets that it has not been possible to approve by consensus the resolution on the subject of the external debt. Chile took part in the debates which gave rise to the text put to the vote and voted in favour of it; in line with that attitude, the delegation of Chile has also voted in favour of the resolution now. However, the delegation of Chile wishes to place on record its strong desire that in the near future it will be possible to reach full agreement on a topic which, because of its importance, cannot remain a matter of controversy."

338. The representative of the Netherlands, speaking on behalf of the European Economic Community countries which were members of ECLAC, said that the delegations had come very close to reaching consensus and he hoped that on the basis of the resolution as it stood the ECLAC Secretariat could carry out a study of great interest on the topic of the debt.

339. The delegation of France requested that the statement made on behalf of the EEC member countries which were also members of ECLAC by the Netherlands delegation should be placed on record.

340. The delegation of Uruguay requested the inclusion of the following text:

"The delegation of Uruguay placed on record its view that it would have been desirable to reach consensus on the resolution on the external debt.

"The position of Latin America and the Caribbean on this topic, as reflected in the CEGAN document and in the draft resolution originally presented in Committee I, was made as flexible as possible during the negotiations with the representatives of the developed countries.

"In spite of all the efforts made, however, it was not possible to reach the sought-for consensus, mainly because of the inflexible insistence of the industrialized countries on the introduction of unacceptable changes which would critically affect the basic principles supported by the region in all the competent forums.

"The delegation of Uruguay reiterates its unfailing will to advance in the search for solutions to the debt problem based on an ongoing dialogue among all the parties involved."

b) Committee II

341. The Commission considered the report of Committee II and five draft resolutions submitted by that Committee.

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342. The Commission proceeded to adopt the report of Committee II \*/ and resolutions 479 (XXI) on the calendar of conferences of ECLAC for the period 1986-1988; 480 (XXI) on Rule 2 of the Rules of Procedure of ECLAC; 481 (XXI) on the programme of work of ECLAC; 482 (XXI) on support for the New Institutional Project and the programme of work of the Latin American and Caribbean Institute for Economic and Social Planning (ILPES), and 483 (XXI) on effective mobilization and integration of women in development.

c) Sessional committees

i) Committee on Water

343. The Commission adopted the report of the Committee on Water \*\*/ and considered the draft resolution submitted by that Committee, which was adopted as resolution 484 (XXI) on activities in the field of water resources.

ii) Committee on Human Settlements

344. The Commission adopted the report of the Committee on Human Settlements \*\*\*/ and then considered a draft resolution submitted by that Committee.\*\*\*\*/

345. In this connection, several delegations requested that their views on operative paragraph 4 of the resolution should be placed on record.

346. The delegation of the United States requested that the following statement be placed on record:

"My delegation finds the wording of operative paragraph 4 vague and, therefore, possibly subject to misinterpretation. For this reason, and because we consider it extraneous, we had earlier sought the elimination of this paragraph.

"Let me briefly explain our understanding of the situation which is alluded to in paragraph 4.

"We understand the phrases 'special situation' and 'special circumstances' used in this paragraph to refer specifically and directly to the serious problem in Central America caused by Nicaraguan aggression and Nicaraguan support for insurgency in neighbouring countries. As a result of this aggression and support for insurgency, people have been forced from their homes and have had to seek refuge elsewhere in their own countries, or in other countries.

"For example, large numbers of Nicaraguan citizens, most notably the Miskito Indians, have been forced by the repressive policies of the current régime to flee from Nicaragua and seek refuge in neighbouring countries. Another illustration is the movement of people in El Salvador under the threat of the Nicaraguan-backed insurgency there.

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\*/ See paragraphs 96 to 194 above.

\*\*/ See paragraphs 195 to 217 above.

\*\*\*/ See paragraphs 218 to 244 above.

\*\*\*\*/ See Conference Room Paper PLEN/4, pages 9 to 12.

"As a matter of fact, Mr. Chairman, Nicaraguan aggression and support for insurgencies has led to human settlements problems in all its democratic neighbours.

"Without the outside interference in their internal affairs, these countries could address their individual human settlements situations with more hope of finding prompt and effective solutions.

"To repeat, Mr. Chairman, we find paragraph 4 to be extraneous and possibly subject to misinterpretation. We therefore request a recorded vote."

347. The representative of Mexico said that in his view some of the interpretations of the content of operative paragraph 4 went beyond the scope and the spirit which had prevailed in the discussions in the Committee regarding the text of that paragraph. Some countries had set forth special circumstances which made the treatment of the problems of housing and human settlements more difficult, and he recalled in particular the effects of natural disasters, such as the earthquakes registered in his own country in September 1985. He stressed that it was in that context that the paragraph in question should be discussed.

348. The delegation of the Netherlands asked that it be placed on record that the delegations of the European Economic Community countries which were also members of ECLAC were not convinced that it was appropriate to express general economic proposals in a technical resolution.

349. The representative of Nicaragua said that earlier the United States delegation had claimed that operative paragraph 4 was confused and could give rise to misinterpretations. However, that confusion seemed to have disappeared, to judge from what the United States representative had just said. Nicaragua energetically rejected the interpretation and assertions of the United States, which was the real aggressor in Central America, and said that if the Miskito Indians had been moved by force, then that was the work of elements from outside the region. In conclusion, he expressed Nicaragua's support for the draft resolution.

350. Finally, operative paragraph 4 of the draft resolution was put to the vote and adopted by 24 votes in favour and 2 against. The rest of the draft resolution was adopted by consensus, so that the complete text, with some amendments proposed by the Committee itself,\*/ was adopted as resolution 485 (XXI) on activities of the Secretariat in the field of human settlements during the period 1988-1989 and during the International Year of Shelter for the Homeless.

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\*/ Conference Room Paper PLEN/9.

iii) Committee on Co-operation among Developing Countries and Regions

351. The Commission considered the report of the Committee and a draft resolution submitted by it.\*/ After adopting the report of the Committee,\*\*/ the Commission also adopted resolution 486 (XXI) on technical and economic co-operation among developing countries and regions.

Consideration of draft resolutions submitted directly to the plenary of the Commission

a) Special Conference of ECLAC

352. In response to the invitation made by the President of Mexico at the opening meeting, the Commission considered a draft resolution on the holding of a special conference of ECLAC in Mexico City late in 1986.\*\*\*/

353. In keeping with the financial regulations of the United Nations, the Secretariat informed participants that i) the estimated additional cost of holding the conference would be US\$ 62 100,\*\*\*\*/ and ii) in a letter dated 25 April 1986 the Director of Multilateral Affairs of Mexico had indicated that his government would provide the additional resources needed.

354. The Commission adopted resolution 487 (XXI), Special Conference of ECLAC, by 27 votes in favour, none against and one abstention.

355. The representative of the United States made the following statement in this respect:

"My delegation has held intense consultations since yesterday, but it is with sadness that my delegation feels compelled to abstain on this resolution. There should be no doubt that my delegation shares the concern expressed in the preambular paragraph of the resolution about the serious economic and social problems affecting the region. Our participation in this session of ECLAC is concrete testimony of our sincere interest in working with the other distinguished members of this Organization in the co-operative search for ways to confront effectively these problems. I am pleased to note that we have been able to reach consensus on as many as six resolutions.

"My delegation was honoured to receive the initiative of His Excellency President de la Madrid of the United Mexican States, in deciding to appear before us to inaugurate this ministerial-level conference and share with us his wisdom about the transcendental issues affecting all our countries. It is clearly obvious that his proposal for an extraordinary session of this body was sincere and expressed with the most genuine intention. We trust

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\*/ Conference Room Papers PLEN/5 and PLEN/7.

\*\*/ See paragraphs 245 to 254 above.

\*\*\*/ See Conference Room Paper PLEN/10.

\*\*\*\*/ See annex 4, "Financial implications of the resolutions adopted by the Commission".

that he will not withdraw his kind offer, his challenge to all of us to develop a meeting that offers the real promise of a forum to promote further understanding as we search for solutions together.

"The rationale for our abstention is procedural. As my fellow delegates are aware, the Government of the United States is large and diverse and complex. Given the short time elapsed between President de la Madrid's important invitation and up until about one hour ago, my delegation, despite its best and sustained efforts, has not been able to develop the required inter-agency consensus in Washington that would allow a fully positive response. There remain unanswered questions in Washington about the timing and agenda of the proposed extraordinary conference, about the availability of an appropriately high-level United States delegation, and about other issues. Budget questions, for example, must be resolved before our delegation can provide a full and complete position. Note also that the Secretariat of the Organization of American States is planning that Organization's long-delayed special general assembly on co-operation for development for about the same time frame.

"Mr. Chairman, I would like to point out that an analogous situation exists. Last July, African Heads of State and Government called for a special session of the United Nations General Assembly to address the serious economic situation of that continent. The call was made at the Economic and Social Council during its consideration of Africa's problems. The Council took note of this important proposal made jointly by each and every African Head of State and Government.

"During a period of several months, this proposal was considered by member States. It was finally approved unanimously by the General Assembly, and we are now preparing intensively for this special session.

"We share the goal of a carefully prepared and implemented extraordinary conference.

"I regret to have to call for a recorded vote on this resolution.

"I would ask the Secretariat to ensure that my statement is made part of the written record of this plenary."

356. After voting in favour of the resolution on a special conference of ECLAC, the United Kingdom delegation made the following observations:

"a) Looking ahead to the possible discussion at the special conference, the United Kingdom considers that the external debt problem is to be approached on a case by case basis;

"b) The international financial institutions, including in particular the IBRD and the IMF, should continue to play the leading role among intergovernmental organizations in handling the debt problem;

"c) The special conference should aim to work by consensus, in the same way as the present ECLAC meeting has attempted to do, and

"d) The United Kingdom cannot at this date commit itself to the level and nature of its representation at the special conference."

b) Place and date of the next session

357. The Commission adopted by consensus resolution 488 (XXI) on the place and date of the next session.

358. Subsequently, the delegation of Venezuela said that it regretted it had not been present during the vote on the draft resolution on a special conference of ECLAC, since if it had been in the hall it would have voted in favour. It praised the initiative of the Mexican Government and thanked it for its offer to host the proposed meeting.

D. RESOLUTIONS ADOPTED BY THE ECONOMIC COMMISSION FOR LATIN AMERICA  
AND THE CARIBBEAN AT ITS TWENTY-FIRST SESSION

- 476 (XXI) Technical support by ECLAC to the countries of Latin America and the Caribbean for the proposed multilateral trade negotiations
- 477 (XXI) Policies for reactivation and for medium- and long-term development
- 478 (XXI) The external debt of Latin America and the Caribbean: implications and prospects
- 479 (XXI) Calendar of Conferences of ECLAC for the period 1986-1988
- 480 (XXI) Rule 2 of the Rules of Procedure of ECLAC
- 481 (XXI) Programme of work of ECLAC
- 482 (XXI) Support for the new institutional project and the programme of work of the Latin American and Caribbean Institute for Economic and Social Planning (ILPES)
- 483 (XXI) Effective mobilization and integration of women in development
- 484 (XXI) Activities in the field of water resources
- 485 (XXI) Activities of the Secretariat in the field of human settlements during the period 1988-1989 and during the International Year of Shelter for the Homeless
- 486 (XXI) Technical and economic co-operation among developing countries and regions
- 487 (XXI) Special Conference of ECLAC
- 488 (XXI) Place and date of next session

476 (XXI) TECHNICAL SUPPORT BY ECLAC TO THE COUNTRIES OF LATIN AMERICA  
AND THE CARIBBEAN FOR THE PROPOSED MULTILATERAL  
TRADE NEGOTIATIONS

The Economic Commission for Latin America and the Caribbean,

Considering that at the forty-first session of the Contracting Parties of the General Agreement on Tariffs and Trade a Preparatory Committee was set up to establish the objectives, subject matter and modalities of multilateral trade negotiations, as well as the participation in the same, bearing in mind the elements of the 1982 Ministerial Programme of Work and the opinions expressed within the Group of High-level Officials,

Bearing in mind, moreover, that the Preparatory Committee will prepare by mid-July 1986 recommendations relating to the programme of negotiations, for adoption by a Ministerial Meeting to be held in September 1986,

Recognizing the importance of promoting confidence in the multilateral trade system, strengthening it, and combating protectionist pressures,

Considering the urgent need to improve the conditions under which the countries of Latin America and the Caribbean participate in the multilateral trade system,

Taking note of resolution 326 (XV), adopted at the fifteenth session of the Commission,

Also taking note of Decision 224, on multilateral trade negotiations, adopted by the eleventh ordinary session of the Latin American Council of the Latin American Economic System,

Noting ECLAC's participation in the project "Support for the External Sector",\*/ which is being carried out in conjunction with the United Nations Conference on Trade and Development and the United Nations Development Programme and with the co-operation of SELA, and which provides for preliminary technical support for the governments of Latin America and the Caribbean and regional and subregional bodies with regard to their preparation for an eventual round of multilateral negotiations,

Recognizing the desirability that the countries of Latin America and the Caribbean should be provided with additional technical elements to enable them to tackle more effectively negotiations in multilateral trade forums,

1. Requests the Secretariat of ECLAC, in consultation with the governments of the countries of Latin America and the Caribbean, and with the collaboration of regional bodies such as the Latin American Economic System, subregional bodies such as the Permanent Secretariat of the Treaty on Central American Economic Integration, the Caribbean Community and the Board of the Cartagena Agreement, and international bodies such as the United Nations Conference on Trade and Development, as appropriate, to prepare a regional project to support the effective participation of those countries

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\*/ RLA/82/012/F/01/40.



in the implementation of any relevant decisions taken at the Ministerial Meeting of the General Agreement on Tariffs and Trade in Punta del Este in September 1986;

2. Urges the governments of the countries of Latin America and the Caribbean to promote and support a request to the United Nations Development Programme to assist in funding such a project, within the available regional allocations;

3. Requests the ECLAC Secretariat, in implementation of the above project, to provide the governments of Latin America and the Caribbean with the necessary assistance to identify options and modalities of negotiation in those areas of interest for the region;

4. Also requests the ECLAC Secretariat to provide, at the request of interested governments, statistical data and analyses relating to products of high export potential and interest; and

5. Recommends the ECLAC Secretariat, in implementing this resolution, to ensure proper co-ordination with regional bodies, especially the Latin American Economic System and other regional or subregional institutions, as well as with international organizations.

230th meeting  
25 April 1986

477 (XXI) POLICIES FOR REACTIVATION AND FOR MEDIUM- AND  
LONG-TERM DEVELOPMENT

The Economic Commission for Latin America and the Caribbean,

Recalling that one of the fundamental tasks of the ECLAC Secretariat has been to analyse the process of economic and social evolution and to study development policies,

Recalling also ECLAC resolution 457 (XX) of 6 April 1984, which instructs ECLAC to examine all those aspects of long-term economic and social development policy which could serve as inspiring ideas for meeting the challenges posed to the countries of the region by the changes in the international economy,

Bearing in mind that five years after the adoption of the International Development Strategy and the Regional Programme of Action, most of their goals and objectives have not been fulfilled, and that the present economic conditions make the realization of those goals and objectives increasingly difficult,

Bearing in mind the critical international situation and the fact that, if it is to be overcome, efforts must be intensified to ensure the adaptation of the international economic régime to the needs and interests of the developing countries,

Recognizing the need to examine the effects of the economic policies of the developed countries on the economic and social development of the Latin American and Caribbean countries,

Bearing in mind the potential importance, in the present circumstances, of the co-operation and integration processes among the countries of Latin America and the Caribbean, and the effects of their own economic policies on the region,

Taking into account the economic and social circumstances currently affecting the region and the need to examine innovative macroeconomic approaches being applied in some countries of the region whose experience in that connection can be useful to our economies,

1. Reiterates the fundamental importance of ECLAC's contribution to the planning and orientation of the medium- and long-term economic and social development policies of Latin America and the Caribbean;

2. Decides that the study of short-term reactivation should be carried out within a perspective of medium- and long-term development and that this topic should be included on the agenda of the twelfth session of the Committee of High-Level Government Experts to be held in 1987;

3. Requests the Executive Secretary of ECLAC --taking account of the special features of the various subregions making up the region-- to submit to that session of CEGAN a document covering the following questions:

a) An appraisal of the development policy options of the region, in the light of the critical situation of the international economy, which is mainly reflected in the changes registered in financial, monetary and trade policies;

b) The consequences for the economies of the region of the economic measures adopted by the developed countries individually and in their own fora;

c) Comprehensive development policies for the region and ways of improving its position in the international economy, with a view to overcoming its fragility vis-à-vis factors external to the region, with special reference to the following:

i) Alternative ways of restructuring production aimed not only at bringing about the growth of the economies with domestic and external equilibrium but also at meeting the basic needs of the population more effectively;

ii) A framework for an in-depth approach to the external sector of the countries of the region in order to be able to address the interactive relation among monetary, financial, and trade aspects;

iii) A development financing strategy that will optimize and rationalize the contributions made by domestic and external financing in the achievement of the overall objectives of growth and development;

iv) The various forms of expanded capital ownership in the means of production, in keeping with the legislation and development policies of the countries;

d) Innovative stabilization strategies appropriate to the social and political environment of the countries of the region and their incorporation in medium- and long-term programmes aimed at a more effective mobilization of domestic resources;

e) Mechanisms for strengthening regional economic integration, in coordination with efforts on behalf of subregional integration, with a view to achieving the global economic integration of the developing countries of the region.

230th meeting  
25 April 1986

478 (XXI) THE EXTERNAL DEBT OF LATIN AMERICA AND THE CARIBBEAN:  
IMPLICATIONS AND PROSPECTS \*/

The Economic Commission for Latin America and the Caribbean,

Bearing in mind that at its eighteenth session the Committee of the Whole, in resolution 475 (PLEN.18), decided that the subject of the Latin American and Caribbean external debt should be included on the agendas of both the eleventh session of the Committee of High-Level Government Experts and the twenty-first session of ECLAC,

Also bearing in mind that one of the objectives of the aforementioned resolution is to permit an exchange of views among the member countries of the Commission in order to further the search for ways of overcoming the important and pressing problem posed by the region's external debt,

Deeply concerned at the exacerbation of the economic and social situation of the region and at its overwhelming external debt burden, which is becoming increasingly difficult to bear and which is aggravated by the drastic decrease in the prices of the export products of the countries of the region, by the increase in the protectionist measures of the countries that constitute its principal markets and by the absence of the financial flows necessary for the sustained economic and social development to which it aspires,

Convinced of the imperative need to carry forward the dialogue begun within ECLAC in order to help resolve the serious problem of the Latin American and Caribbean external debt, which continues to be the main obstacle to the economic recovery of the countries of the region, especially as it causes them to become net exporters of capital,

Taking into account the initiatives of the Latin American and Caribbean countries aimed at tackling the problem posed by the region's external debt, the essentially political nature of this issue, the necessity of addressing it on the basis of a comprehensive approach, and the urgent need to respond to the demand for an appropriate forum for a dialogue between debtor and creditor countries in order to solve the problem of the region's external debt on a joint basis,

1. Decides that:

- a) The subject of the external debt of Latin America and the Caribbean should continue to be examined by ECLAC and that the Commission should give this issue priority attention, in keeping with its importance to the countries of the region; and

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\*/ This resolution was adopted by 21 votes in favour and 6 against.

b) This subject should be a major focus of meetings to be held in 1987 and should be included as a main item on the agenda of the twelfth session of the Committee of High-Level Government Experts (CEGAN) in preparation for the session of the Committee of the Whole of ECLAC and on the agenda of the session of the Committee of the Whole itself, so that the member States of the Commission may continue to advance in their search for the necessary solutions to this pressing problem of the region;

2. Requests the Executive Secretary of ECLAC to:

- a) Submit to these meetings the corresponding study on the implications of the external debt of Latin America and the Caribbean, as well as the prospects in this regard and proposed solutions; and
- b) Keep the member countries of the Commission informed about the external debt of Latin America and the Caribbean on a regular and systematic basis so that the governments of the region may be in possession of full and up-to-date information on how this important issue is evolving.

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479 (XXI) CALENDAR OF CONFERENCES OF ECLAC  
FOR THE PERIOD 1986-1988

The Economic Commission for Latin America and the Caribbean,

Recalling resolution 419 (PLEN.14) of the Committee of the Whole of ECLAC, in which it was determined that the Commission should decide at each of its sessions on the new calendar of conferences and meetings of ECLAC,

Bearing in mind the resolutions of the Economic and Social Council and of ECLAC laying down and governing the frequency of the meetings of subsidiary bodies of the Commission, as given in annex 1 of document LC/G.1399,

Having considered the Calendar of Intergovernmental Conferences of ECLAC for the period 1986-1988 proposed in annex 4 of document LC/G.1399,

Taking account of the objectives and priorities established in the various regional programmes of work and action approved by the member governments at the twenty-first session,

1. Approves the Calendar of Conferences of ECLAC as given in the annex to this resolution, with the observations and suggestions reflected in the report of the twenty-first session of ECLAC;
2. Requests the Executive Secretary to submit to the pertinent bodies of the United Nations such proposals as may be necessary to enable the Calendar of Conferences thus approved to be carried out;
3. Instructs the Executive Secretary to report to the twenty-second session of ECLAC on the fulfilment of this resolution.

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Annex

CALENDAR OF INTERGOVERNMENTAL CONFERENCES OF ECLAC FOR THE PERIOD 1986-1988

Year	Title	Place and date	Legislative authority	Source of financing
1986	Eleventh session of the Committee of High-Level Government Experts (CEGAN)	Bogotá 3-6 March	ECLAC resolutions 419 (PLEN.14); 422 (XIX); 425 (XIX); 432 (XIX) and 449 (PLEN.16)	ECLAC regular budget
1986	Tenth session of the Caribbean Development and Co-operation Committee (CDCC)	Havana <sup>a</sup>	ECLAC resolutions 358 (XVI); 432 (XIX) and 449 (PLEN.16)	ECLAC regular budget
1986	Twenty-first session of ECLAC	Mexico City, 17-25 April	ECLAC resolution 471 (XX)	ECLAC regular budget
1986	Central American Economic Co-operation Committee	<sup>b</sup>	ECLAC resolution 9 (IV)	ECLAC regular budget
1986	Special Conference of ECLAC	Mexico City, December	ECLAC resolution 487 (XXI)	Host government
1987	Fourth Regional Conference on the Integration of Women into the Economic and Social Development of Latin America and the Caribbean	<sup>b</sup>	The Conference was set up as a permanent subsidiary organ of ECLAC, by decision of the Eleventh Extraordinary Session of the Committee of the Whole (E/CEPAL/AC.71/4)	ECLAC regular budget
1987	Eleventh session of the Caribbean Development and Co-operation Committee (CDCC)	<sup>b</sup>	ECLAC resolution 358 (XV)	ECLAC regular budget
1987	Twelfth session of the Committee of High-Level Government Experts (CEGAN)	United Nations Headquarters, New York, April/May	ECLAC resolutions 310 (XIV); 419 (PLEN.14); 422 (XIX), para. 204; 425 (XIX)	ECLAC regular budget
1987	Nineteenth session of the ECLAC Committee of the Whole	United Nations Headquarters, New York, April/May	ECLAC resolution 419 (PLEN.14)	ECLAC regular budget
1988	Thirteenth session of the Committee of High-Level Government Experts (CEGAN)	<sup>b</sup>	ECLAC resolutions 310 (XIV); 419 (PLEN.14); 422 (XIX), para. 204; 425 (XIX)	ECLAC regular budget
1988	Twelfth session of the Caribbean Development and Co-operation Committee (CDCC)	<sup>b</sup>	ECLAC resolution 358 (XVI)	ECLAC regular budget
1988	Twenty-second session of ECLAC	<sup>b</sup>	ECLAC resolution 449 (PLEN.16)	ECLAC regular budget

<sup>a</sup>Date to be decided.

<sup>b</sup>Place and date to be decided.

480 (XXI) RULE 2 OF THE RULES OF PROCEDURE OF ECLAC

The Economic Commission for Latin America and the Caribbean,

Bearing in mind Decision 1985/190 of the Economic and Social Council, which requests ECLAC to analyse Rule 2 of its Rules of Procedure at its twenty-first session and to report thereon to the Council at its Second Regular Session of 1986,

Having considered the Note by the Secretariat entitled "An analysis of the practice followed in the application of Rule 2 of the Rules of Procedure of the Economic Commission for Latin America and the Caribbean" (LC/G.1400),

Taking into account the reasons underlying the decision to include in the Rules of Procedure of ECLAC the principle of rotating the venue of the regular sessions of the Commission among the countries of Latin America and the Caribbean,

Conscious of the benefit represented for the member countries of ECLAC by the fact of having this direct periodic contact with the work of the regional economic body of the United Nations,

Conscious, likewise, of the financial implications for the regular United Nations budget of the practice followed as regards the cost of rotating the venue of the sessions,

1. Takes note of the Secretariat document LC/G.1400 and Add.1 on Rule 2 of the Rules of Procedure of ECLAC;
2. Reaffirms the principle of rotating the venue of the regular sessions of ECLAC, as laid down in Rule 2 of the Rules of Procedure of the Commission;
3. Reaffirms the practice of having the host country provide the necessary facilities and local transport, as well as document reproduction equipment, materials and supplies for the conference and local support staff;
4. Recommends to the Economic and Social Council and to the United Nations General Assembly that the regular budget of the United Nations for each biennium should include the resources needed for holding the regular sessions of ECLAC in the city in which the Commission's Headquarters is located;
5. Recommends to the Executive Secretary of ECLAC that additional expenditures for the session, should there be any, should be financed from the regular budget of ECLAC through a reallocation of funds.

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481 (XXI) PROGRAMME OF WORK OF ECLAC

The Economic Commission for Latin America and the Caribbean,

Bearing in mind article 8 and rule 24 of the Terms of Reference and Rules of Procedure of ECLAC, together with the relevant mandates issued by the General Assembly and the Economic and Social Council regarding the preparation and consideration of the programmes of work of all the bodies of the system,

Having considered the draft programme of work for the different areas of activity of the ECLAC system for the period 1988-1989, which covers also the Latin American and Caribbean Institute for Economic and Social Planning and the Latin American Demographic Centre,

Taking full account of the views expressed, including the adjustments to the programme proposed by representatives of member governments, as recorded in the final report of the twenty-first session, and the changes deriving from the resolutions adopted at that session,

1. Approves the draft programme of work of the ECLAC system for the period 1988-1989 \*/ (including the Latin American and Caribbean Institute for Economic and Social Planning and the Latin American Demographic Centre), with the adjustments arising from the resolutions and decisions adopted at the twenty-first session of the Commission and reflected in the final report thereof, and adopts it as the legislative base of the Commission for the execution of the programmes and projects included in it;

2. Takes note that the allocation of resources necessary for carrying out the activities described in this programme will require the prior approval of the pertinent bodies of the United Nations;

3. Requests the Executive Secretary to submit to the pertinent bodies of the United Nations such proposals as may be necessary to enable the programme of work thus approved to be carried out;

4. Instructs the Executive Secretary to report to the twenty-second session of ECLAC on the fulfilment of this resolution.

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\*/ LC/G.1393 and Corr.1.

482 (XXI) SUPPORT FOR THE NEW INSTITUTIONAL PROJECT AND THE PROGRAMME OF WORK  
OF THE LATIN AMERICAN AND CARIBBEAN INSTITUTE FOR ECONOMIC  
AND SOCIAL PLANNING (ILPES)

The Economic Commission for Latin America and the Caribbean,

Recalling that under the terms of resolution 340 (AC.66) of the ECLAC Committee of the Whole the Latin American Institute for Economic and Social Planning (ILPES) was made a permanent institution of the United Nations with its own identity within the ECLAC system,

Likewise recalling that under the terms of resolution 474 (PLEN.18), adopted at the eighteenth session of the Committee of the Whole of ECLAC in 1985, the Institute changed its name to the Latin American and Caribbean Institute for Economic and Social Planning, while maintaining the acronym ILPES in all languages,

Bearing in mind the valuable results of the Sixth Meeting of the Technical Committee of ILPES and the Fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean (the highest-level forum of the System of Co-operation and Co-ordination among Planning Bodies of Latin America and the Caribbean), which were held in Mexico City between 15 and 17 April 1985,

Recognizing that the Institute is rendering valuable services to the countries of the region and has become the main body of its type in the field of the planning and co-ordination of public policies, with its dual character as a permanent multilateral body of the United Nations and as an intergovernmental service agency,

1. Takes note with satisfaction of the report on the activities of ILPES in the period 1984-1985 and its Programme of Work for 1988-1989 and, in that connection:

a) Expresses its satisfaction at the Institute's efforts to modernize its administration;

b) Thanks bodies in member and non-member countries which made contributions to the New Institutional Project of ILPES and recommends their continuing support in order to stabilize the technical capacity of the Institute;

c) Supports the minimum technical staff proposed in the New Institutional Project of ILPES;

2. Expresses once again its gratitude to the United Nations Development Programme (UNDP) for the financial backing given to ILPES for 1986 and the permanent support extended through the network of Resident Representatives, and asks that continued support should be given to ILPES in the new programming phase of UNDP (1987-1991), especially so that it can work in priority areas of the planning and co-ordination of public policies;

3. Recommends the Executive Secretary to continue his efforts to provide ILPES with stable resources and greater freedom of action as a multilateral agency for the provision of services;

4. Approves the suggestion that the proceedings of the Sixth Conference of Ministers and Heads of Planning of Latin America and the Caribbean should concentrate on the topic of the role of national planning bodies in regional co-operation, within the framework of a strategy for reactivation and development;

5. Reiterates the need to intensify ILPES' action in the Central American countries and for it to give support to the mechanisms for bringing together the planners of that subregion;

6. Expresses its satisfaction at the important tasks already undertaken by the recently established ECLAC/ILPES Joint Planning Unit for the Caribbean and supports its programme of work and new lines of operation;

7. Acknowledges the efforts made by ILPES to articulate its activities with those of various international and bilateral bodies of non-member countries and expresses its satisfaction at the support given to the Institute by the Inter-American Development Bank, the new activities undertaken with the Economic Development Institute of the World Bank, and the closer collaboration established with the United Nations Department of Technical Co-operation for Development and the Latin American Centre for Development Administration;

8. Emphasizes the important capacity of mobilization of ILPES, which, despite its limited resources, has markedly increased its advisory assistance, training and research activities;

9. Recommends to member governments that, to the extent of their possibilities and within the framework of their national priorities, they should contemplate the use of multilateral, bilateral, public or private sources of co-operation for supporting specific activities which ILPES may be requested to carry out, and

10. Reiterates its gratitude to the governments of France, Italy, Japan, the Netherlands and Spain for the support given to ILPES and invites them and the other countries outside the region to give their support to the execution of the future programme of work of the Institute.

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483 (XXI) EFFECTIVE MOBILIZATION AND INTEGRATION OF WOMEN  
IN DEVELOPMENT

The Economic Commission for Latin America and the Caribbean,

Reaffirming the importance attached to the need to improve the status of women and to ensure their full participation in the development process as architects, agents and beneficiaries of development by the International Development Strategy for the Third United Nations Development Decade, the Convention on the Elimination of all Forms of Discrimination against Women and the Nairobi Forward-Looking Strategies for the Advancement of Women,

Convinced that the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace and the General Assembly have made important and positive contributions to the attainment of global equality for women through the Nairobi Forward-Looking Strategies for the Advancement of Women,

Taking note of the world survey on the role of women in development and bearing in mind General Assembly resolution 40/204, which invited the Commission on the Status of Women to make specific action-oriented recommendations based on the world survey, as a part of the overall implementation of and follow-up to the Nairobi Forward-Looking Strategies,

Mindful of the need for the regional commissions to take the necessary measures to ensure a concerted and sustained effort for the implementation of the provisions of the Forward-Looking Strategies with a view to achieving a substantial improvement in the status of women by the year 2000 and to ensure that all projects and programmes take into account the need for the full integration of women in both economic and social development,

1. Takes note of the reports of the regional meetings for Latin America and the Caribbean in preparation for the World Conference to Review and Appraise the Achievements of the United Nations Decade for Women: Equality, Development and Peace, held in Mexico City in August 1983 and in Havana in November 1984;
2. Endorses the Nairobi Forward-Looking Strategies for the Advancement of Women;
3. Calls upon governments to give high priority to the allocation of adequate resources and the adoption of effective appropriate measures to implement the Forward-Looking Strategies, including the establishment or reinforcement, as appropriate, of national machinery to promote the advancement of women, and to monitor the implementation of these Strategies with a view to ensuring the full integration of women in the political, economic, social and cultural life of their countries;
4. Invites governmental, intergovernmental and non-governmental organizations to give high priority to the implementation of the Forward-Looking Strategies and,

in particular, to ensure that sectoral policies and programmes for development include strategies to promote the participation of women in development as architects, agents and beneficiaries on an equal basis with men;

5. Requests the Executive Secretary to review all the programmes of the ECLAC system for the biennium 1988-1989, in order to ensure the implementation of the Forward-Looking Strategies;

6. Also requests the Executive Secretary to consider, in relation with operative paragraph 5 of this resolution, the sectoral and intersectoral problems identified in the world survey on the role of women in development, within the regional economic context;

7. Welcomes the decision to convene the Fourth Regional Conference on the Integration of Women into the Economic and Social Development of Latin America and the Caribbean in 1987 for the purpose of updating the regional programme of action on the integration of women in development.

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484 (XXI) ACTIVITIES IN THE FIELD OF WATER RESOURCES

The Economic Commission for Latin America and the Caribbean,

Taking account of the recommendations and resolutions adopted by the United Nations Water Conference which make up the Mar del Plata Action Plan, together with subsequent resolutions adopted in this respect by the United Nations General Assembly and Economic and Social Council, especially those relating to the International Drinking Water Supply and Sanitation Decade,

Recognizing that the present economic crisis is one of the factors affecting the countries of the region which makes it necessary for them to reorientate their water development strategies by endeavouring to balance the efforts undertaken to increase the supply with those aimed at rationalizing consumption in accordance with the varying conditions of the countries in the region and which also makes it desirable to review and increase the efforts of Latin America and the Caribbean to improve and expand their co-operation in this field,

Considering the progress made since 1981 in the promotion of the Mar del Plata Action Plan in Latin America and the Caribbean, especially as regards support for the objectives of the International Drinking Water Supply and Sanitation Decade,

1. Recommends the countries of the region to follow the lines given below in water development matters:

- a) To give priority to those activities which, with the least financial effort, benefit the broadest sectors of the population,
- b) To promote more rational and efficient use of natural resources, the existing infrastructure and water, in their various applications,
- c) To support the decentralization process and seek increasing participation by users in the planning, conservation and financing of water resource programmes;

2. Recommends the Secretariat of the Commission to continue its support for activities by governments related with the implementation of the objectives of the Mar del Plata Action Plan, with particular emphasis on the strengthening of its activities to promote and support horizontal co-operation in the field of water resources and the identification of specific areas of common interest and complementarity to this end, at the regional and subregional levels;

3. Also recommends the Secretariat of the Commission to collaborate with the region in the identification of means of enriching national portfolios of water development projects, to promote programmes of research, training and technological development, in co-ordination with the competent national and regional bodies, with a view to using water more efficiently and taking full advantage of existing

water installations, and to promote technical co-operation to identify and develop small water-use projects with community participation;

4. Urges governments to send regular annual reports to the Secretariat on the progress made in implementing the Mar del Plata Action Plan in their respective countries, with the report for the present year preferably reaching the Secretariat no later than 30 September 1986;

5. Likewise urges governments to participate in the Regional Workshop on Appropriate Technology for Environmental Sanitation in Rural Areas, to be held late in 1987;

6. Recommends the Secretariat of the Commission to:

- a) Continue its efforts aimed at promoting the implementation of the Mar del Plata Action Plan, with due attention to the needs of each subregion;
- b) Keep up its participation in co-operation efforts between United Nations specialized agencies and other international bodies active in the field of water at the regional level;
- c) Continue its activities aimed at helping to achieve better development and management of water resources and stimulate the application of advanced technologies and microcomputers in water resource management;
- d) Report to the twenty-second session of ECLAC on the progress made with regard to the matters referred to in the preceding paragraphs of this resolution and those raised at the request of the delegations participating in the Committee on Water, which are contained in the report of that Committee;
- e) Give particular consideration in all its activities to those problems which are characteristic of subregions such as Central America and the Caribbean islands.

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485 (XXI) ACTIVITIES OF THE SECRETARIAT IN THE FIELD OF HUMAN SETTLEMENTS  
DURING THE PERIOD 1988-1989 AND DURING THE INTERNATIONAL  
YEAR OF SHELTER FOR THE HOMELESS \*/

The Economic Commission for Latin America and the Caribbean,

Bearing in mind the economic crisis currently affecting the countries of the region, its social effects, and structural difficulties, which have reduced the real level of the population's income and brought about a significant decline in the levels of well-being of some social sectors as regards infrastructure, services and housing,

Likewise bearing in mind the various activities which the countries of the region are pursuing in order to formulate and carry out policies and projects in the field of human settlements, particularly as regards satisfying the needs for housing, services and community facilities for the lowest income groups and as regards the processes of population distribution and urban development,

Taking account of the fact that most of the governments of the region have been obliged to considerably reduce the budget for social programmes --especially in the area of human settlements-- in view of the deterioration of the economic situation and the lack of available resources in the region,

Considering that the crisis through which the region is passing, together with the negative effects of some structural conditions, have heightened the awareness of society regarding the distortions which exist in human settlements development models, as reflected in centralism in most of the countries of the region, and that the present situation provides an opportunity for change and for improving the territorial distribution of the population and of economic activities,

Also considering that the population of Latin America and the Caribbean has on occasions been the victim of disasters which have made necessary the mobilization of large human and financial resources for the work of reconstruction,

1. Reaffirms the need for the governments of the region to promote new mechanisms and standards which recognize the progressive nature of the solution of the population's needs as regards land, infrastructure, urban facilities and housing, in order to raise levels of well-being in the region in a context of scarce resources;
2. Recognizes that the policies pursued by governments must take account of the fundamental importance of local authorities and the participation of public and private middle-level bodies in the definition of projects, their development, control over their execution, and the operation and maintenance of the infrastructural, services and housing components of human settlements;

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\*/ Operative paragraph 4 of this resolution was adopted by 24 votes in favour and 2 against. The rest of the resolution was adopted by consensus.



3. Reaffirms that, in order to achieve a considerable reduction in the cost of urban development for the sectors most seriously affected by the economic crisis, measures must be taken to facilitate the access of the entire population, and especially the most under-privileged sectors, to the infrastructural, services and housing components, and in particular steps must be taken to ensure the timely availability of urban building land at a cost within the reach of the population;
4. Recognizes with concern the special situation in which some member countries find themselves because of special circumstances which hamper the efforts made by their governments to deal with the problems of housing and human settlements and, at the same time, expresses its hope that such circumstances will disappear as soon as possible;
5. Reaffirms that it is imperative that, in the decentralization policies adopted by some governments, special importance should be attached to urban and rural development planning processes, as a mechanism for taking into account the interests of the entire population;
6. Emphasizes the need to increase support for programmes aimed at helping to improve the quality of life in rural settlements, and especially such support as can be given to the efforts of governmental and non-governmental bodies which are seeking solutions in this high-priority area;
7. Stresses that, given the impact of the crisis on human settlements, as reflected in serious financial constraints which affect the social well-being of the population, in spite of the efforts which the countries have been making in the area of resource allocation, international co-operation must be increased and ways must be sought of increasing the flow of concessionary external resources earmarked for solving the human settlements problems of the region, as well as of mobilizing additional domestic resources;
8. Takes note with satisfaction of the activities carried out by the ECLAC Secretariat in the area of human settlements, and especially of the agreement between ECLAC and the United Nations Centre for Human Settlements, under which the Joint ECLAC/UNCHS Human Settlements Unit was created;
9. Reaffirms the objectives of the International Year of Shelter for the Homeless and gives its support to the activities to be carried out in the region in the context of that Year;
10. Takes note of the content and orientation of the programme of work to be carried out by the ECLAC system during the period 1988-1989 in the area of human settlements;
11. Instructs the Secretariat to assign adequate priority in the ECLAC work programme to activities in the area of human settlements, to support national efforts through the preparation of studies and programmes of regional co-operation consistent with the needs of each country, and to carry out work in the following areas:

- a) Decentralization and strengthening of the management capacity of local governments,
- b) Forms of organization which will guarantee community participation,
- c) Alternative ways of financing housing and the development of urban and rural settlements,
- d) Technology that will make it possible gradually to solve the needs of the population in terms of infrastructure, services and housing;
- e) Urban reconstruction work made necessary by natural disasters.

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486 (XXI) TECHNICAL AND ECONOMIC CO-OPERATION AMONG  
DEVELOPING COUNTRIES AND REGIONS

The Economic Commission for Latin America and the Caribbean,

Recalling the Buenos Aires Plan for Action for Promoting and Implementing Technical Co-operation among Developing Countries, adopted by the General Assembly in its resolution 33/134 of 19 December 1978, which, in various recommendations, entrusts the regional commissions with specific tasks with the objective of supporting the activities relating to technical co-operation among developing countries carried out by governments at the subregional, regional and interregional levels,

Bearing in mind General Assembly resolution 39/216 of 18 December 1984, in which bodies and organizations of the United Nations system are urged to provide and to intensify support and assistance in accordance to their mandates to economic co-operation among developing countries, giving due regard to the Caracas Programme of Action adopted at the High-Level Conference on Economic Co-operation among Developing Countries, held at Caracas from 13 to 19 May 1981,

Also bearing in mind the appraisals of the progress made under the Caracas Programme of Action, carried out at the third and fourth meetings of the Intergovernmental Follow-up and Co-ordination Committee of the Group of 77 for Economic Co-operation among Developing Countries, held at Cartagena de Indias from 3 to 8 September 1984 and at Jakarta from 19 to 22 August 1985,

Taking into account the decisions adopted at the fourth meeting of the High-Level Committee on the Review of Technical Co-operation among Developing Countries, convened by the Administrator of the United Nations Development Programme in New York from 28 to 31 May 1985, in which inter alia, an appeal was made to organizations and bodies of the United Nations system to define more clearly the dimension of technical co-operation among developing countries in their projects and activities,

Recalling its resolutions 459 (XX) on technical and economic co-operation among developing countries and 460 (XX) on technical and economic co-operation between the Caribbean countries and the other countries in the region, both adopted on 6 April 1984,

Recalling also that there exist several initiatives and studies that permit the financing of activities in the field of technical co-operation among developing countries with the use of local currencies in respect of subjects of priority interest for the countries of the region, such as the proposal included in Decision 226 of the Eleventh Ordinary Session of the Latin American Council of the Latin American Economic System and a study on the matter recently concluded by the Latin American and Caribbean Institute for Economic and Social Planning,

Taking note of the agreements reached by ECLAC, in consultation with the United Nations Development Programme, to establish schemes for ongoing consultation and co-ordination with the Latin American Economic System and the Latin American Integration Association in respect of common projects carried out by these organizations in matters of technical and economic co-operation among developing countries,

Recalling Decisions 154, 155, 156, 196, 197, 226 and 227 of the Latin American Council of the Latin American Economic System, which deal with technical and economic co-operation among developing countries and which represent an advance in organization at the regional level,

Concerned at the duration and intensity of the international economic crisis, which has led to a deterioration of the economic, social and financial situation of the countries of the region,

1. Reaffirms that the intensification of technical and economic co-operation among developing countries is a viable means of strengthening national efforts to surmount the crisis and to take care of the development needs of the countries of the region;
2. Reaffirms also the importance of the role of the Economic Commission for Latin America and the Caribbean in the promotion and support of technical and economic co-operation among developing countries, at the subregional, regional and interregional levels, within the framework of the Buenos Aires Plan of Action and giving due regard to the Caracas Programme of Action and the Quito Plan of Action;
3. Further reaffirms the need to pursue and intensify the efforts deployed by the Secretariat, in accordance with its mandates, to promote and support co-operation among the countries of Latin America and the Caribbean in sectors of interest to them and to support the co-operation networks which already exist in the region to that end;
4. Requests the Executive Secretary, in accordance with the relevant mandates:
  - a) to continue to strengthen the links maintained by the ECLAC system with national focal points designated by the respective governments to co-ordinate co-operation among developing countries, so that the activities of the Secretariat designed to promote and support co-operation among developing countries at the subregional, regional and interregional levels continue to respond directly to the needs of the developing countries in sectors which they consider to be of priority;
  - b) to facilitate the implementation of initiatives and activities which help to strengthen the links among national focal points for co-ordinating co-operation among developing countries, for the purpose of improving the dissemination of information on the capabilities and requirements of the countries to carry out such co-operation and, in particular, concerning the operational arrangements which exist in them in respect of the preparation and execution of activities relating to co-operation among developing countries, at the subregional, regional and interregional levels;

- c) to support the participation of all agents with a relevant role to play in co-operation among developing countries in activities which the Secretariat undertakes to promote such co-operation in sectors of interest to the countries, including non-governmental organizations and entities which, in the opinion of the governments concerned, might help to initiate effective exchanges within the framework of co-operation among developing countries;
- d) to propose mechanisms to increase the use of local currencies in the financing and implementation of technical and economic co-operation projects among countries of the region, taking into account, on the one hand, existing national regulations on the use of their currencies and, on the other, the operational instruments available and the studies already carried out at the subregional, regional and interregional levels;
- e) to explore the possibility of promoting, among the national development finance institutions of the countries of the region, mechanisms and financial agreements for economic and technical co-operation, similar to those existing among central banks, with a view to opening additional lines of credit;
- f) to collaborate with the United Nations Development Programme in supplying up-to-date information to countries concerning the availability of funds from the Special Programme Resources and the way in which these resources can be utilized, to help the countries draw up proposals for the use of such resources, and to seek that, whenever necessary, such resources can be used as supplementary financing of the hard currency components of the economic and technical co-operation projects of the countries of the region;
- g) to promote exchange and co-operation programmes in the area of export credit guarantees and insurance, under the auspices of national export credit finance institutions, and to recommend the establishment of new regional mechanisms in this field and the setting-up of this type of institution in interested countries;
- h) to intensify the activities carried out in conjunction with the other regional commissions, in consultation and co-ordination with the appropriate agencies of the United Nations, relating to the initiation of projects to promote technical and economic co-operation among developing countries of different regions, within the framework of the relevant resolutions of the Economic and Social Council, and, in particular, to continue to support the initiatives taken in respect of co-operation among developing countries, giving due regard to the Caracas Programme of Action;

5. Urges the governments of the member countries of the Commission to examine ways and means to sustain and, if possible, increase the support provided by the ECLAC system to Latin American and Caribbean countries in the identification and promotion of actions to expand technical and economic co-operation among developing countries at the subregional, regional and interregional levels;

6. Likewise urges the appropriate organizations of the United Nations system and other sources of financing to support the Secretariat's programmes and projects to promote and support co-operation among developing countries and regions, in compliance with the mandates issued in this respect;

7. Requests the Executive Secretary to submit reports, at the next session of the Committee of the Whole, concerning the progress made in the tasks entrusted to him in this resolution.

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25 April 1986

487 (XXI) SPECIAL CONFERENCE OF ECLAC \*/

The Economic Commission for Latin America and the Caribbean,

Conscious of the serious economic and social problems affecting the region, which must be faced with decision, realism and far-sightedness,

Convinced that in-depth analyses must be made of alternative stabilization and reactivation schemes and that the experiences of the various countries of the region must be taken into consideration, as the basis for realistic action,

Likewise convinced of the need to promote structural changes in the production processes of the countries of the region on the basis of emerging and appropriate patterns of technology, with a view to achieving a more favourable form of insertion in the world economy,

Sharing the concern expressed by delegations on the subjects in question and the call to give them urgent consideration made by the President of Mexico, H.E. Mr. Miguel de la Madrid,

1. Decides to convene a special conference of ECLAC, to be held late in 1986;
2. Expresses its gratitude for the offer made by the Government of Mexico to host the meeting, and agrees with pleasure to hold it in Mexico City;
3. Requests the Executive Secretary of ECLAC to prepare the analyses and documentation required for the special conference in consultation with governments, and without incurring any additional expenditure chargeable to the regular budget;
4. Urges the member countries of ECLAC to participate fully in this conference, both at the technical and the ministerial level, so that it may contribute to the formulation of national and international policies conducive to growth and development.

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\*/ This resolution was adopted by 27 votes in favour, none against, and one abstention.

230th meeting  
25 April 1986

488 (XXI) PLACE AND DATE OF NEXT SESSION

The Economic Commission for Latin America and the Caribbean,

Bearing in mind article 15 of its Terms of Reference and Rules 1 and 2 of its Rules of Procedure,

Considering that at its twenty-first session the Commission has not taken a decision on the venue for its next biennial meeting, since conversations are still in progress with some member governments to this end,

Recalling its resolution 480 (XXI) on Rule 2 of the Rules of Procedure of the Commission,

Decides to authorize the Executive Secretary to hold the necessary consultations with member States in order to fix the place of the twenty-second session, which will be held at the most convenient date in 1988, subject to the agreement of the Secretary-General of the United Nations.

230th meeting  
25 April 1986



**ANNEXES**



Annex 1

LIST OF DOCUMENTS

- LC/G.1376(SES.21/1) - Provisional agenda
- LC/G.1410(SES.21/2) - Annotated provisional agenda and organization of work of the twenty-first session
- LC/G.1399(SES.21/3) - Proposed calendar of conferences of ECLAC, for the period 1986-1988. Note by the Secretariat
- LC/G.1400(SES.21/4) - An analysis of the practice followed in the application of Rule 2 of the Rules of Procedure of the Economic Commission for Latin America and the Caribbean. Note by the Secretariat
- LC/G.1397(SES.21/5) - Report of the work of the Commission since April 1984
- LC/G.1393(SES.21/6) - Draft programme of work of the ECLAC system, 1988-1989
- LC/G.1408(SES.21/7) - The economic crisis: policies for adjustment, stabilization and growth
- LC/G.1413(SES.21/8) - Economic survey of Latin America and the Caribbean, 1984. Advance summary
- LC/G.1407(SES.21/9) - Economic development: an appraisal, and projections 1985-1995
- LC/G.1406(SES.21/10) - The problem of external debt: gestation, development, crisis and prospects
- LC/G.1412(SES.21/11) - Documents presented at the twenty-first session
- LC/G.1402(SES.21/12) - Annotated provisional agenda (CPRD)
- LC/G.1409(SES.21/13) - List of main resolutions adopted with regard to the International Development Strategy and the Regional Programme of Action by the General Assembly, United Nations Economic and Social Council, Economic Commission for Latin America and the Caribbean and the Caribbean Development and Co-operation Committee
- LC/G.1416(SES.21/14) - Provisional Agenda (Committee I)

- LC/G.1369(SES.21/15) - Report on the activities of the Latin American Demographic Centre (CELADE), 1984-1985
- LC/G.1405(SES.21/16) - ILPES: Bases of its programme of work for 1986 and summary of activities during 1984-1985
- LC/G.1381(SES.21/17) - Provisional agenda (Committee on Water)
- LC/G.1382(SES.21/18) - Annotated provisional agenda (Committee on Water)
- LC/G.1384(SES.21/19) - Water resource development: progress in the implementation of the Mar del Plata Action Plan and the International Drinking Water Supply and Sanitation Decade in Latin America and the Caribbean. Note by the Secretariat and Corr.1
- LC/G.1391(SES.21/20) - The formulation of water resource management plans in Latin America and the Caribbean
- LC/G.1394(SES.21/21) - Provisional agenda (CPRD)
- LC/G.1401(SES.21/22) - Activities of the ECLAC system to promote co-operation among developing countries and regions. Note by the Secretariat
- LC/G.1389(SES.21/23) / Rev.2 - Provisional agenda (Committee on Human Settlements)
- LC/G.1379(SES.21/24) - Critical areas for the formulation of policies on human settlements in Latin America and the Caribbean: a synthesis
- LC/G.1373(SES.21/25) - Impact evaluation methodology for infrastructure projects
- LC/G.1374(SES.21/26) - Codes, regulations and standards on water supply, sanitation and solid-waste disposal with emphasis on low-income community requirements in Latin America and the Caribbean
- LC/G.1375(SES.21/27) - Middle-rank human settlements in territorial organization strategies in Latin America and the Caribbean
- LC/G.1395(SES.21/28) - Annotated provisional agenda (Committee on Human Settlements)
- LC/G.1417(SES.21/29) - Provisional Agenda (Committee II)
- LC/IP/G.26 - Report of the Fifth Conference of Ministers and Heads of Planning of Latin America and the Caribbean
- LC/IP/L.17 - Report submitted by the Rapporteur Sixth Meeting of the Technical Committee of ILPES

- LC/G.1403 - Terms of reference and rules of procedure of the Economic Commission for Latin America and the Caribbean
- LC/G.1411(CEG.11/6) - Report of the eleventh session of the Committee of High-Level Government Experts (CEGAN)
- LC/G.1415 - (Catálogo de publicaciones) "Publicaciones CEPAL-ILPES-CELADE, 1986"
- LC/G.1364(CEG.10/3) - Report of the tenth session of the Committee of High-Level Government Experts

Annex 2

ADDRESS DELIVERED BY MR. RAUL PREBISCH AT THE TWENTY-FIRST SESSION  
OF ECLAC

(Mexico, 24 April 1986)

Mr. President, Mr. Executive Secretary, officers of the Session and participants in this Conference: Yesterday we listened to a memorable speech by the President of Mexico in which he referred in unequivocal terms to the need for a renovation of ECLAC's thinking: a suggestion which is of course stimulating to those of us within ECLAC who are of the same mind.

In face of the tremendous problems, all of them highly complex, which Latin America and the Caribbean are having to face today, an overhauling of ideas becomes an inescapable necessity. Nor has it been a matter of concern only in recent years, but has long been claiming attention. The dramatic character of current events, however, demands that the task recommended to ECLAC by the President of Mexico should be embarked upon with special vigour. What are the reasons for this? There are many. From the internal standpoint, the most important relates to the implications of the radical changes that have taken place in the structure of society and in the power relations that so strongly influence income distribution and, in the last analysis, capital accumulation.

To put it briefly, since this is not the occasion for academic disquisitions, I would say that the form of accumulation of reproductive capital, or, in other words, of capital that multiplies income, employment and productivity, is out of step with the structural changes that have occurred in our societies. The fruits of the considerable technical progress that has been achieved in recent decades have been largely concentrated in privileged strata whose dynamic mission should be, as it has been in the history of capitalism in the centres, capital accumulation. The primary source of capital accumulation ought to lie, according to the system, in those privileged strata.

But what has happened in our countries in these decades of which I am speaking? There has been frenzied imitation of the patterns of consumption of the centres. With a much lower level of productivity, we are attempting to copy in a hurry the consumption patterns of the centres where capital accumulation and productivity have been developing for a very long time indeed. In other words, the mission of the privileged strata has been fulfilled only in part, because another part of the fruits of technical progress has been allotted to the privileged consumer society. I think we must recognize this fundamental fact: in some countries to a greater, in others to a lesser degree, the imitative consumption of the upper strata has militated against capital accumulation and, in consequence, has limited productive absorption of manpower, which has largely been left to drag along at the bottom of the social structure. Unemployment and underemployment are present to testify to these facts.

The time has gone by, however, when the labour force of Latin America and the Caribbean submitted unconditionally to market laws, and when the State maintained a

laissez-faire attitude in respect of income distribution. This is manifest everywhere, although in different degrees. What is happening, then? As these new situations are brought about, new forms of private and social consumption on the part of the labour force emerge, not at the expense of the privileged consumption of the well-to-do strata, but superimposed upon it. Just as the sometimes hypertrophic development of the State, which increases public spending, generally does so over and above privileged consumption rather than to its detriment. I refer both to civil expenditure and to military expenditure, which in some instances has soared to impressive figures.

Accordingly, forms of expenditure have piled up in which the aggregate increase tends to outstrip the growth rate of productivity; and inflationary phenomena then supervene that are different from those we have seen in the past and that cannot be dealt with by what were once effective methods. A restrictive monetary policy was efficacious in former times, under our countries, bygone type of capitalism, in controlling or correcting inflation; today it is so no longer. I am not criticizing central banks and governments which have had to resort to that instrument, for the simple reason that they have hitherto had no other at their disposal. The system as it operates affords no other way of combating the trend towards dynamic imbalance between expenditure and reproductive capital accumulation. But this does not mean that the effects of monetarism are not serious. They are in fact grave to the extreme, since in essence the philosophy of monetarism, not always clearly expressed, is that of bringing about a contraction of the economy, with the consequent disemployment of labour, until trade union power resigns itself to accepting lower real wages and to the impossibility of recouping itself for other burdens laid upon it.

Perhaps this sacrifice would be excusable if it permitted the fundamental resolution of the problem, but that is not so; this decisive fact must be recognized. An adjustment deriving from disemployment and a fall in real wages cannot be kept up as a permanent situation, for increasingly powerful economic and social forces exist that are fighting on behalf of the recovery of employment and wages. It is inconceivable that the labour force should renounce its claims; on the contrary, it will reassert them, and a new inflationary spiral will be triggered off. What does all this mean? That as the system operates the brunt of an adjustment to control inflation has to be borne by the weakest elements of that system, who are compelled to retrace the forward steps they had taken, so as to provide means of covering the State expenditure that has proved impossible to curtail, and the privileged consumption of the well-to-do strata. Herein lies the element of social inequality, of inequity, which is due, in the last analysis, to the modus operandi of the system. I make these observations because I am convinced that stabilization and capital accumulation policies are among the most important of the issues on which a regeneration of ideas is required.

The manifest crises we are witnessing fully justify such a regeneration process in the aforesaid fields. But not only there, Mr. President. In ECLAC from the very outset we have dissented strongly from certain opinions of the International Monetary Fund. The Fund has always counselled our countries to adopt external adjustment policies which also fall most heavily upon the weakest elements in the system. If there is a balance-of-payments deficit, what is recommended is to cope with it by means

of a contraction of the economy, until the relation between exports and imports recovers its balance. In ECLAC we have systematically attacked this aberrant method of restoring external equilibrium. It seems to have reared its head again, however, over the problem of the debt. What does this mean? Once again the burden of adjustment is laid on the weakest elements of the international system, namely, our countries. These have to adjust their balance of payments, compress their economy, restrict their imports, in order to generate a surplus for the purpose of servicing the debt. Herein there is an unacceptable asymmetry. While the international commercial bankers have continued to enjoy enormous profits, the adjustment has to be borne by the weakest links in the chain.

On this problem of the debt, the most burning question at the present Session, I am only going to make the following remark. One of the reasons, very laudable, no doubt, that governments adduce for not taking unilateral measures is that they would have long-term effects on the foreign investment which our countries need, above all during periods of very low capital accumulation. It is understandable, therefore, that this far-sighted caution, combined with other well-known considerations, should prompt them to make a sustained effort to continue negotiations. For how long? That is unpredictable. But implicit in this situation there is an enormous risk, for if negotiations of this type continue while the reanimation of the economy has to be deferred in order to generate resources wherewith to cover service payments, no foreign capital will come to hand; it will not come to economies that are not growing or are declining and that are subject to increasing social pressures.

This is a dilemma which must be clearly envisaged; no solution for it will be reached in the absence of a political decision on the part of the governments of the creditor countries. Why a political decision? Because the origin of this problem is political. The Eurodollar market was born of a political position on the part of the larger countries, especially the United States. Leaving the Eurodollar market unregulated, despite the warning voices that were raised at the time, was a political decision. Covering the fiscal deficit of the United States, not in the traditional and orthodox fashion, through an increase in taxes and a reduction of expenditure, but by absorbing domestic saving and gigantic quantities of saving from the rest of the world through astronomically high interest rates, is a political decision. How then can we do other than maintain that the debt problem is essentially political? Because of the nature and origin of this situation, and because of the serious consequences that its persistence will imply for all the countries affected and, in the last resort, for the industrial centres, it calls for a forward-looking approach and for understanding of the dangerous threat to the world economy that it involves, since it is not only the problem of the debt that is at issue, but also, as has been said over and over again at the present Session, other problems which are superimposed upon it.

I should also like to comment, since we are talking of the renovation of ideas, upon ideas that lag behind events, with respect to the foreign trade policy of the Latin American countries. When did import substitution begin in Latin America? During the great world depression, when the monetary policy of the United States and the enormous rise in customs duties shattered the whole system of bilateral trade and payments that had been working very well. The slump in our countries' exports was formidable. And import substitution was the only way out. I had an active part



to play at that time, and I do not remember that in the existing situation there was anyone crazy enough to say "The thing is not to substitute domestic production for imports but to export manufactures". Export manufactures where? To a world that was out of joint and where protectionism was a normal way of safeguarding economies? Import substitution was the only solution possible. It was not a doctrinaire imposition. It was imposed by force of circumstances. Then came the difficulties of the postwar period, until at last, with Europe reconstructed and the world economy set on its feet again, the opportunity and the need to export manufactures did arise.

Some Latin American countries seized the opportunity and very intelligently turned it to account. Others, through inertia, continued to pursue import substitution policy alone, came late to exporting manufactures and generally did so intermittently, with no firmness of purpose. However, when the countries in the former group had gained considerable competitive capacity through the acquisition of new technologies, they found themselves faced with increasing protectionist measures. A vast contradiction between expectations and reality. An additional handicap was the slow growth rate of the centres. All this, too, confronted us with the need to reconsider ideas. Not to engage exclusively either in import substitution or in exports, but to combine the two. It is somewhat encouraging that the World Bank is at last recognizing this need to combine import substitution and exports of manufactures. It has been reluctant to see things in this light, but it is doing so today.

Incidentally, I should like to recall that a quarter of a century ago, in 1961, ECLAC, in the studies it presented to the governments, said that industrialization policy in Latin America had been asymmetrical, since it had encouraged import substitution, that is, industrial production for the domestic market, and had not provided equivalent incentives for the export of manufactures; and it recommended combining the two measures. That is what we said then, and what has been reiterated in the latest issue of the CEPAL Review, which has just come out; but it is still often alleged that ECLAC is responsible for the continuance of a unilateral policy in this respect.

Once again, this is not a question of doctrinaire preferences. The extent to which our countries will have to go on combining import substitution with exports depends upon the receptive capacity of the centres. If the growth rate of the centres remains far below what it was in the past and protectionist measures continue to proliferate, the need for import substitution will be much greater than if thriving developed economies throw open their doors to exports not only of manufactures, but of primary products from the developing countries. That need ultimately depends on the receptive capacity of the centres; it is not a whim of the developing countries, but a requirement of their growth. And if some day, as I hope, we manage to attain growth rates which allow at least the increment of the labour force to be absorbed, a much greater foreign trade effort than any that is being made at present will be indispensable. Furthermore, import substitution, which will have to be continued, although to the extent that I have indicated, in accordance with international circumstances, will provide a very broad field for the transfer of technology and for competition on the part of foreign firms, either alone or in combination with national enterprise, whether public or private. That would open up a vast area for

international co-operation. It is the centres, therefore, that will determine the intensity of substitution policy, which has to be concerted between two or more countries, for well-known reasons.

Even supposing these phenomena did not provide sufficient matter for deep concern on the part of the Latin American countries and were not among the problems that call for new ideas, in accordance with the initiative of the President of Mexico, there are others that cannot but be mentioned in passing, in the course of this rapid review of all that takes up our thoughts. I should like to refer to international monetary reform, a topic which comes to the fore from time to time and which now ought to engage our attention much more closely, if we are not to find ourselves in the position that Keynes described in a confidential note to his government during the deliberations at Bretton Woods, in which he complained that the presence of the developing countries might turn the meetings into a "cage of monkeys". In reality, I think a cage of monkeys there will have to be, if in the future the reform of the international monetary system is mooted.

Gentlemen, I have seen at first hand and in my own country have suffered the effects of the gold standard, the extreme vulnerability that the gold standard signified for our economies. But the gold standard, which did have elements of containment of the arbitrary creation of international currency, was abandoned, and its place was taken by the dollar standard, with the result that the creation of money no longer depends upon world requirements, but upon the internal needs of the country in which this privilege of creating currency is invested. I greatly fear that many of the phenomena we have seen in the last fifteen or twenty years are imputable to this switch from the gold standard to the dollar standard. There have been two phases in the monetary policy of the United States: one of euphoria, in which the creation of money overflowed the bounds of that country and generated worldwide prosperity, until that very prosperity began to have increasingly inflationary effects; and another, in which inflation finally compelled the United States to control it, but this was done by means of monetary restriction and by raising interest rates. First, worldwide monetary expansion, then the siphoning-off of resources from the rest of the world. A serious state of affairs for our countries, and one with respect to which also ideas must be overhauled.

Nobody is in possession of revealed truth today, gentlemen, neither in the North nor in the South. We all catch glimpses of truth, we have carried out analyses, some of which are promising, but we cannot accept what the North thinks as revealed truth. I have every respect for the ideas of the North, but they must not be taken at their face value. It is essential that some day all of us, those of the North and those of the South together, set ourselves to explore the nature of our problems, bypassing dogmas, preconceived ideas, until we reach a measure of common ground. For I am convinced that, their industrialization once achieved, the developing countries could play a meaningful dynamic role in the development of the economies of the northern hemisphere. We are wasting this opportunity. Formulas must be arrived at which will not be those of the past, formulas of understanding on the questions to which I have referred and on many other matters, such as capital accumulation and foreign investment policy. That is all gentlemen, Thank you.

Annex 3

CRISIS, DEBT AND DEVELOPMENT

Latin American and Caribbean position paper \*/

1. The crisis which has affected Latin America and the Caribbean since the beginning of the 1980s is the severest, longest and most widespread in the last 50 years. The regression seen in the development processes of the countries of the region has resulted in a decline in the per capita gross domestic product, the intensification of social problems, and serious internal and external structural imbalances. The length, intensity and scope of the crisis make it a structural phenomenon. It basically has its origin in external factors which have given rise to severe balance-of-payments problems as a result of the steep rise in real interest rates; the steady and increasingly marked deterioration in the terms of trade, caused essentially by the continuous decrease in the prices of the region's commodity exports, including the recent collapse of oil prices; and the proliferation of protectionist barriers in the developed countries.
2. In analysing the progress made with respect to the goals and objectives of the International Development Strategy for the Third United Nations Development Decade and of the Regional Programme of Action, the countries of Latin America and the Caribbean feel it is incumbent upon them to point out that the achievement of these goals and objectives has been seriously jeopardized by the setbacks which have occurred as regards multilateral co-operation for development and by sectoral policies of the developed countries which have helped to exacerbate the regional economic crisis.
3. The net flow of real resources into the region has been reversed, and Latin America and the Caribbean have become net exporters of capital. This transfer of resources has amounted to over US\$ 100 billion over the past four years. The Latin American countries transfer nearly 4% of their gross national product to the industrialized countries in debt service payments alone. This situation is flagrantly at variance with the goal of the International Development Strategy (IDS) of transferring 1% of the industrialized countries' gross national product to the developing countries.
4. Latin America and the Caribbean are faced with an external debt which totalled US\$ 368 billion in 1985. This is the most serious manifestation of the regional economic crisis: it severely trammels the region's development efforts and has a decisive impact on the prospects for its recovery. It is no longer solely a question of servicing the debt but has become an eminently political issue and a question of the allocation of resources for development. The solution to the debt problem should therefore be sought through a political dialogue --which should be begun immediately-- between the governments of debtor and creditor countries. Based on an integral approach and with due respect for the principle of shared

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\*/ Adopted at the eleventh session of the Committee of High-Level Government Experts, held in Bogotá from 3 to 6 March 1986 (document LC/G.1411, pages 12 to 17).

responsibility, this dialogue should establish an equitable distribution of the costs of the adjustment process and ensure that these do not affect the aspirations for economic development of the countries of the region.

5. Latin America and the Caribbean have made an enormous effort on the internal front to adjust their economies, and the cost has been high in both political and social terms. Nonetheless, this sacrifice has not enabled them to service the debt while, at the same time, achieving their development objectives. This is an intolerable situation, for if it continues, the current recessionary conditions will persist and the outlook for economic recovery in the region will remain dim. Hence, the external debt cannot be paid under the present terms and conditions, in the absence of sustained economic development. Adjustment processes, which were regarded as temporary measures while the international economy was being reactivated and progress was being made in bringing about internal structural change, have been prolonged over time. They have thus come to represent an unbearable burden for our societies and threaten to become a regular part of the operation of the economy, thereby endangering the region's stability and the consolidation of democratic processes in it. In this connection, it should also be borne in mind that a very close link exists between development and peace, for without peace, the development to which our peoples so fervently aspire cannot be achieved, and without development, peace will always be precarious.

6. In order to compensate for the reduced availability of resources, the countries have in some cases had to endure (as a consequence of renegotiation agreements and the policies of international financial agencies) severe internal economic adjustment programmes which have proved to be unsuitable and have led to recession and unemployment.

7. Latin America and the Caribbean thus face the challenge of re-creating conditions which will foster the development of their economies on the basis of equity and justice as regards their economic links with nations outside the region. To this end, it is deemed necessary to set forth guidelines for concerted action by the countries of the region aimed at reducing the vulnerability of the regional economy vis-à-vis the international setting and, especially, reversing the outflow of real resources from the region, making progress towards the establishment of the New International Economic Order and strengthening the processes of regional co-operation and integration. These guidelines are as follows:

- a) A comprehensive and organic approach to the problems of the international economy which provides for simultaneous and energetic action on priority fronts directed towards increasing the region's participation in the world economy by bringing about the structural changes needed to modify the existing commercial and financial order. This would create a situation conducive to the internal economic and social transformations of a structural nature required in order to achieve a more just and equitable form of economic and social development.
- b) New forms of international insertion to reduce the vulnerability of the regional economy and eliminate the constraints affecting the external sector, expand co-operation within the region and among developing countries, and shape policies for revising the structure and role of domestic markets.

8. A comprehensive and organic approach to the problems of the international economy and the search for new forms of international insertion for the region require action to be taken in the following priority areas; the external debt, the international monetary and financial system, international trade and intra-regional economic co-operation.

9. With regard to the external debt, political action must be focused on the following areas in order to lessen the constraints imposed by the burden of the debt service and to bring about a prompt reversal in the direction of net transfers of resources:

- a) adjustment of the debt service so that it is in line with the debtor countries' actual payment capacity;
- b) the establishment, in some instances, of ceilings on debt service based on export earnings which will be compatible with the development needs and the economic and social requirements of each individual country;
- c) the return of real interest rates to their historical levels and the reduction of bank spreads; and
- d) an increase in the flow of funds, an improvement in the terms on which loans are granted and differential treatment of present and future debts with a view to the furtherance of development.

10. In this regard, the Committee of High-Level Government Experts noted with satisfaction the high level of Latin American solidarity, which was reaffirmed at the meeting of the Cartagena Consensus Follow-up Committee, in connection with the need for certain countries to take concrete measures to protect their economies, particularly in respect of the debt.

11. Although the proposal made by the United States Secretary of the Treasury acknowledges the principle of co-responsibility for solving the problem of the debt and the need to foster the growth of the debtor countries through the restoration of financial flows to them, it does not go far enough, inasmuch as the financing targets announced are much too low to cover the service of the debt, much less promote sustained economic development. The proposal includes additional elements of conditionality which would make the adjustment process more difficult. It has become evident that the problem of the debt is not merely one of a need for flows of financial resources, since it is unlikely that they would be sufficient to enable the debtor countries to meet their commitments with their creditors and still ensure sustained economic development.

12. With regard to international monetary and financial matters, action should be taken in connection with:

- a) the implementation, on the part of the main developed countries, of macroeconomic policies designed to avoid having a negative impact on the international economy;

- b) the control, by means of the corresponding mechanisms, of fluctuations in exchange rates and of their effects on international trade;
  - c) the reversal of the current transfer of resources from the developing to the developed countries;
  - d) the review of the forms of conditionality applied by international financial agencies which are detrimental to the economies of the region;
  - e) the expansion of the capital base of the international financial agencies to levels that will enable them to meet the development needs of the countries of the region;
  - f) the expansion of the IMF Compensatory Financing Facility in order to take into account the impact on the balance of payments of other factors, such as the deterioration of the terms of trade, the high level of real interest rates and natural disasters;
  - g) a far-reaching review of the present international monetary and financial system through multilateral negotiations, which should run parallel to any multilateral trade negotiations that may be held.
13. With regard to international trade, special emphasis should be placed on:
- a) the fulfilment of the Declaration and programme of work adopted at the ministerial meeting of the contracting parties of the General Agreement on Tariffs and Trade (GATT) in 1982;
  - b) the early negotiation of new firm, specific and verifiable commitments to preserve the status quo and, further, to dismantle protectionist barriers on the part of the developed countries;
  - c) stable and more remunerative prices for the export commodities of the countries of the region, with a view to improving their terms of trade;
  - d) the strengthening of international commodity agreements and the negotiation of new agreements as a means of achieving the objectives set forth in subparagraph c) above;
  - e) the preservation and improvement of the principles of the multilateral system of trade and particularly the unconditional application of the most-favoured-nation clause and the special, more favourable treatment of developing countries, as well as the full application of these principles in trade negotiations between developed and developing countries;
  - f) the opening up of markets to exports of agricultural and tropical products from the region and the elimination of subsidy policies applied by the developed countries in the agricultural sector;

- g) the substantial liberalization of access for textiles to the markets of the industrialized countries;
- h) the elimination of practices of discrimination and graduation in trade relations between developed and developing countries;
- i) the establishment of a concerted position on the part of Latin America and the Caribbean with regard to the objectives, characteristics and possible modalities of a proposed new round of multilateral trade negotiations.

14. With regard to trade within the region and trade with other developing countries, the proposals set forth in the Quito Plan of Action are still valid; among these, priority should be given to the following:

- a) the substitution of imports from third countries and the diversion of demand for them to suppliers within the region;
- b) the elimination of non-tariff barriers to imports from the region;
- c) the improvement and expansion of the credit and payment mechanisms envisaged in the 1980 Montevideo Treaty;
- d) real and effective support for the regional round of trade negotiations within ALADI, particularly as regards the renegotiation of a broader and more effective regional tariff preference which could be extended to include the Central American and Caribbean countries.

15. The severe crisis being experienced by the Central American subregion is a matter of special concern to the Latin American and Caribbean countries. In order for it to be possible to devise a strategy for the development of the region, the more developed countries must undertake to pay greater attention to the economic and social problems of the Central American countries. In view of this fact, the Latin American countries reiterate their support for the Central American integration process and for the efforts of the individual countries of the subregion to move forward with their economic and social development. They recognize that the necessary financial and technical resources must be made available for these development programmes, that they must be further strengthened through direct regional co-operation programmes oriented towards the priorities identified by the Central American countries, and that active support must be given to any proposals the subregion may present to international forums and agencies.

16. In view of the growing deterioration of multilateral relations brought about by the policies applied by the main developed countries aimed at channelling co-operation along bilateral lines, it is urgent that such policies be changed with a view to revitalizing multilateral international co-operation and strengthening international development co-operation institutions. The strengthening of these institutions will require active participation in them and the granting of the financial resources required for their activities.

Annex 4

FINANCIAL IMPLICATIONS OF THE RESOLUTIONS ADOPTED BY THE COMMISSION

Resolutions 476 (XXI) to 486 (XXI), and resolution 488 (XXI)

These resolutions have no financial implications for the United Nations.

Resolution 487 (XXI): Special Conference of ECLAC

This resolution has no financial implications for the United Nations.

The Secretariat reported to participants that: i) the estimated additional cost of holding this conference in Mexico City late in 1986 would be US\$ 62 100, as detailed below, and ii) in a letter dated 25 April 1986 the Director of Multilateral Affairs of the Ministry of Foreign Relations of Mexico had indicated that his government would provide the additional resources needed.

	<u>Estimated cost</u> <u>(thousands of US\$)</u>	
<u>Temporary assistance</u>		
- Pre-session		
Translation	6.8	
Typing	1.5	
- In-session		
Translation and revision	3.8	
Typing	<u>1.0</u>	13.1
<u>Overtime</u>		
- Pre- and in-session		5.8
<u>Staff travel and subsistence</u>		
- Travel of 18 staff members Santiago-Mexico City-Santiago <u>a/</u>	19.8	
- Subsistence for 7 days	<u>11.6</u>	31.4
<u>Operating expenses</u>		4.7
<u>Communications</u>		5.1
<u>Supplies and materials</u>		2.0
TOTAL <u>b/</u>		<u>62.1</u>

a/ Comprising substantive staff and minimum support team, with maximum use being made of the resources of the ECLAC Mexico Office.

b/ Not including conference rooms, sound and other equipment, interpretation, transport of delegates, local support personnel and documents reproduction.