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PROVISIONAL SUMMARY RECORD OF THE THIRD MEETING

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11 May 1966, at 10 a.m.

Chairman: Mr. AZOFEIFA (Costa Rica)

CONTENTS: The Latin American Institute for Economic and Social Planning
(agenda item 6)

Corrections to this summary record should be written in one of the two working languages of the Commission (Spanish or English), preferably on a mimeographed copy of the record, and sent to the Editorial Section, through Miss Juana Eyzaguirre, Conference Officer, by 13 May 1966 at the latest.

LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING (E/CN.12/AC.58/5, E/CN.12/AC.58/6, E/CN.12/AC.58/7, E/CN.12/AC.58/8 and Add.1)

Mr. MAYORRE (Executive Secretary) gave an account of the founding of the Institute,^{1/} referring in particular to the debates at ECLA's ninth session in 1961, when in resolution 199 (IX) the Commission had recommended that ECLA's training and advisory activities should be expanded, with the aim of building up a permanent team of development planning experts to work in close liaison with the planning institutions of the Latin American Governments, in order to make good the lack of technical resources and skilled staff that were hampering the planning activities in the various countries. In document E/CN.12/AC.50/7 the Executive Secretary had reported on that question to the ninth session of the Committee of the Whole, and had emphasized that the new Institute would be performing tasks already undertaken by ECLA; it would be able to relieve the latter of work that had been preventing it from concentrating on its main task of analysing Latin America's economic situation, and would not be hampered by the lack of funds that had made it difficult for ECLA to do full justice to its activities in the planning field. It had also been pointed out that there would be a close connexion between the ECLA secretariat and the Institute, to permit the transfer of those who had worked at the practical level to theoretical research work and teaching at the Institute, and enable those who had concentrated on theoretical studies to enter into continuous contact with the conditions studied. In resolution 218 (AC.50) the Committee of the Whole decided to establish the Latin American Institute for Economic and Social Planning, and laid down the specific aims of the Institute, the organizational arrangements, and a number of practical provisions, including the steps to be taken to ensure the continuity of the Institute. Subsequently financial arrangements were made with the United Nations Special Fund, and with the Inter-American Development Bank (IDB) to permit the Institute to begin its activities.

^{1/} The full text of this statement is given in document E/CN.12/AC.58/5.

At its eleventh session the Committee of the Whole was called on to recommend the measures to be taken to ensure the continuity of the Institute as requested in resolution 220 (AC.52), and to facilitate that task, the speaker gave a brief review of the Institute's achievements during its past years of operation. The aim had been to respond, within the framework of the Development Decade activities, to the growing need for international co-operation rising out of the establishment or strengthening of the planning processes in almost every Latin American country, as a result of the stimulus provided by the decisions of Punta del Este. The Institute had made a significant contribution to the creation and strengthening of planning machinery in many Latin American countries, and to the training of teams of experts to put the plans into effect. The Institute had considerably expanded the training activities first begun by ECLA, by increasing the scope of the Basic Course, and the number and coverage of the intensive courses, and adding, in co-operation with various international agencies, special courses in education, health and housing planning, as well as a course for trade union leaders in Latin America to familiarize them with planning techniques. The last-named course was a particular source of gratification, since it was a joint response by the Institute, the International Labour Organisation and ECLA to a request made by the Governments at ECLA's eighth session in Panama in 1959, which could not be undertaken earlier because of the lack of funds. The Institute had also begun to co-operate with the faculties of economics of the Latin American universities, which were called on to play a major role in the technical training of the rising generation. The aim throughout had been to keep the training activities up-to-date in terms of practical needs and of the research work carried out by ECLA and the Institute. One clear indication of the value of these activities was the fact that many of the key posts in the economic direction of the Latin American Governments were being filled by former participants in the courses given by ECLA and the Institute, and that common basis in training and aims would be of the greatest benefit in the programme for the economic integration of Latin America.

At the time of the Institute's founding, the need was felt to expand the existing activities in the advisory field, because of the general spread of the planning process in Latin America. The Institute also sent special missions to advise the Governments on specific questions and problems, including the preparation of projects. In 1965 it had become necessary to establish a permanent advisory team within the Institute, with financial help from the Special Fund and the Latin American Governments, which permitted a more flexible and efficient form of assistance, and provided a means of exchanging information on experience in that field.

Following in ECLA's footsteps, the Institute had provided all the above-described activities with a solid basis of research work, including not only the preparation of texts for the training courses, and research on operation techniques relating to the advisory services, but also basic research on some of the main problems of development. The basic studies had included two on important integration problems: the connexion between national plans and multinational integration programmes, and the possible effects of a regional investment programme in reducing the trade gap that was hampering Latin America's development. The Institute's special contribution in the research field related to the social aspects of development, long a matter of concern to the United Nations, and the aim had been to achieve a deeper interpretation of Latin American problems, through an integrated consideration of the economic and social aspects, thus permitting more vigorous and organized efforts to meet the aspirations of the peoples of Latin America.

The Institute had also made a valuable contribution in the integration of industrial development. The Joint ECLA/Institute/IDB Programme organized in 1964 had already yielded the first results. Studies in depth of the main branches of Latin American industry were being made to determine the possibilities and best methods of regional integration in each case, a step of the first importance in the advance towards regional integration.

He paid a tribute to the support received from the international specialized agencies and regional bodies, and from the member Governments of the Commission, which in addition to requesting the Institute's

/technical co-operation

technical co-operation, had given substantial help of different kinds in the holding of the intensive courses, in the advisory activities, and in the formation of working groups in research studies, as well as given strong backing to the financial action by the Special Fund and IDB, both when the Institute had first been established, and when further financial commitments had become necessary in 1965 to permit the expansion of the advisory services.

Throughout there had been close co-operation between ECLA and the Institute. The latter had not only lightened ECLA's burden, but had contributed to some of its main studies, notably those on Latin American integration, mainly in the field of trade and industry, and had permitted maintenance of the stimulating link between research and action. ECLA was giving strong support to the Institute in the conviction that its planning activities were inspired by the same desire to overcome under-development in Latin America that was the central reason for the Commission's existence.

However, despite the Institute's achievements, he did not wish to give the impression that ECLA and the Institute were perfectly satisfied with their performance. Planning was a living reality, every day there was something new to learn and to accomplish, and both ECLA and the Institute were fully aware that there must be a constant process of analysis, self-criticism, and efforts to improve working methods.

In inviting the Commission to consider the resolution approved by the Governing Council of the Institute on ensuring the continuity of its activities, he paid a tribute to the members of the Governing Council, outstanding Latin American economists, whose guidance had helped to keep the region's practical problems in sharp focus. Now that the first stage of the Institute's organization and operation had been completed, the time had come to consider the best means of continuing and expanding the activities of a body that had already demonstrated, by means of solid results, its ability to serve Latin America.

The CHAIRMAN invited Mr. Garcia Reynoso, Under-Secretary for Industry and Trade of Mexico, to address the Commission in his capacity as Chairman of the Governing Council of the Latin American Institute for Economic and Social Planning.

Mr. GARCIA REYNOSO (Chairman, Governing Council of the Latin American Institute for Economic and Social Planning) introduced, on behalf of the Governing Council, the report on the Institute's activities since the eleventh session of the Commission (E/CN.12/AC.58/8 and Add.1), in accordance with the terms of resolution 220 (AC.52). During the short period that had elapsed since the Institute's establishment in 1961, it had succeeded, in co-operation with ECLA, IDB and other public and private organizations, in building up an integrated programme of activities in line with the basic functions laid down in resolution 220 (AC.52), expanding and readjusting that programme in the light of the new requirements arising as the planning process developed in Latin America. The Basic Course given in Santiago continued to provide training relating to the main problems of development and planning, to an increasing number of participants. The special courses on planning in education, health and housing, given in co-operation with the international agencies concerned, could help to facilitate the international financing of projects in those fields. A new development was the course for trade union leaders, and it was hoped that in the future similar courses could be given for entrepreneurs and other groups with an important part to play in the development process, whose participation in planning activities was needed if they were to be translated into economic policies and practical achievements. The intensive courses held in the various countries had now spread to almost the whole of Latin America.

Mention should also be made of the special courses for civil servants from the Central American countries, in which there was special emphasis on the integration aspects that were of particular interest to those countries.

There had been an increase in the direct advisory services provided for Governments in the field of planning and economic policy by the Institute, which now had a team of experts ready to serve the Governments that needed such help in their planning activities; thus far twelve countries had received this type of assistance.

/In accordance

In accordance with the Institute's basic terms of reference, the Governing Council had been concerned to keep the advisory, research and training functions of the Institute closely in line with the practical experience it had acquired in the individual countries, particularly by including the results of that experience in the content of the training programmes.

Planning was a relatively new activity in Latin America. The countries of the region were attempting, by a process of trial and error, to find a coherent and rational means of translating their development strategy and goals into measures of economic policy and specific action, in the light of the particular conditions of evolution of the economies of the region. The Institute's task was to assist that process, adjusting its work programme to the needs that arose in the actual course of economic and social development. Beginning with a vigorous programme of training, it had expanded its activities into the field of direct advisory services and research. It was to be hoped that it would be equally flexible in the future in adapting itself to the growing needs of the region.

With respect to the Institute's research activities, a programme undertaken in co-operation with the United Nations Conference on Trade and Development had resulted in completion of the first stage of studies to determine the extent and nature of Latin America's trade gap in relation to the rest of the world, and the Institute was addressing itself to the task of linking up its research work more closely with the requirements of the training and advisory functions, and with the needs of the Governments in these fields.

The Governing Council had followed the Institute's development with close attention; in guiding its activities, the Governing Council had been fully conscious of the needs and problems that had arisen during the Institute's first years. Many problems still remained to be resolved, but the Institute had proved its worth in the service of Latin American planning.

The Governing Council, in the light of the experience gathered during the past years, had adopted in December 1965 the resolution transmitted, in accordance with the provisions of ECLA resolution 220 (AC.52), to the

/Executive Secretary

Executive Secretary of the Commission. That resolution recommended, in the light of what the Institute had achieved, with the valuable co-operation of the Latin American Governments, the United Nations Special Fund, the Inter-American Development Bank, and the other bodies concerned, that the Governments should take the necessary steps to continue and intensify the activities of the Institute. It was recommended that at the present session of the Committee of the Whole the Commission should take the appropriate decisions to that end. The existing situation in Latin America, and the problems and prospects with which the Commission had been concerned from the outset, together with the growing needs of the countries of the region in the field of economic and social planning, demanded no less.

The CHAIRMAN invited Mr. Molina, Minister of Finance of Chile, to address the Commission in his capacity as member of the Governing Council of the Latin American Institute for Economic and Social Planning.

Mr. MOLINA (Governing Council of the Latin American Institute for Economic and Social Planning) said that the major task before Latin America at the present time was to make far-reaching and radical economic, social and institutional reforms in accordance with the characteristics and possibilities of each case and the solutions that each country found most appropriate. But it was already too late to tackle that task on a piecemeal basis. The urgent need for effective solutions, the complexity of the problems involved and the scarcity of resources measured against requirements, made it necessary to have clearly defined aims, systematic and consistent action and rational use of the means available. Planning, which had been going on in the different countries for some years, was the proper instrument for all those ends.

Planning was intended to serve as a rational tool of development policy. In order to plan it was necessary, among other things, to translate long-term programmes and objectives into practical measures. Moreover, economic possibilities and targets had not yet been properly harmonized with requirements in the social sector.

Experience had indicated that isolated attempts to raise the living standards of the masses were bound to be limited. Planning could help to overcome those limitations if it succeeded in redirecting productive investment towards the creation of economic and social conditions that would add to the effectiveness of direct welfare measures, and might also help to frame a social policy that would make such investment more economically profitable.

The Government of Chile had noted with satisfaction the great importance attributed by the Institute, in the document entitled Past development and policies of the Latin American Institute for Economic and Social Planning (E/CN.12/AC.58/6), to the co-ordination of short-term policy instruments and plans and to basic research on social and economic aspects of development. The Institute had been co-operating with his Government of Chile, both in its Planning Office and in the Central Bank, in a form of assistance that might later be useful for other countries.

Planning was also required to link up national plans with the objectives of economic integration in the region. The Institute should therefore take the decision to leave the realm of national planning for a regional sphere of action since the Latin American countries could not remain much longer in their present situation if the region was to carry political and economic weight in the assembly of nations.

One of the difficulties with which planning had to contend was the dearth of technicians and of procedures that were appropriate to the economic, social and institutional conditions prevailing in Latin America. The Government of Chile considered it fortunate that there existed a specialized Latin American body, such as the Institute, which helped to fill the need for trained personnel, research and technical advisory services to Governments.

As regards the financing of the Institute, if the regular funds obtained in the form of contributions from the Special Fund, IDB or other sources, such as the Government of the Netherlands, proved to be insufficient, the Latin American countries should be prepared to step into the breach and provide the necessary funds themselves.

In view of the close relationship between the Institute and the development of the Latin American countries, the Governments should follow the progress of its work, and indicate special areas of interest, or changes that seemed necessary to carry out to better purpose the common task in which they were all engaged.

Mr. COUCHONNAL (Paraguay) spoke of the major achievements of the Institute in its three fields of activity, namely, training, the provision of advisory services, and research, and expressed appreciation for the help which Paraguay had received from Institute experts in the preparation of its two-year economic and social development plan for 1965-66.

Mr. VILA (Argentina) expressed his satisfaction with the way in which the Institute's programmes were being carried out. Argentina would support any draft resolution aimed at giving continuity to the activities of the Institute, such as that before the meeting (Conference Room Paper N° 1).

Mr. MOLINA WOOLDORF (Guatemala) praised the interest of the Institute in investigating the importance of the economic and social structures for development purposes. The advisory services furnished by the Institute had a particularly influential part to play at the present stage, when so many of the Latin American countries were engaged in training technical staff and drawing up plans.

Mr. LA FUENTE (Bolivia) wished his country to be included among the sponsors of the draft resolution (Conference Room Paper N° 1).

Mr. MACHIN (Venezuela) considered that the activities of the Institute filled a permanent need in the Latin American countries. Venezuela also wished its name to be included among those sponsoring the draft resolution.

Mr. BERAUN (Peru) agreed with the opinions that had been expressed on the Institute, and endorsed the draft resolution.

Mr. MORENO (Mexico) considered that the valuable work performed by the Institute had made its services indispensable for the Latin American countries.

/Mr. FERRARI

Mr. FERRARI (Dominican Republic) thanked the Institute for its work in his country, and pledged the maximum financial support of his Government to ensure the continuity of the Institute.

Mr. BUSTAMANTE (Ecuador) said that the reports before the meeting gave such a complete account of the activities of the Institute that further comment was superfluous. However, two basic problems subsisted which the Institute might help to solve. The first was that much headway had been made in preparing plans and programmes but not in executing them. More care should be taken in project-making, since a sound project would always find the financial backing necessary to put it into practice. The second problem was the duplication of effort in programming. He suggested that in operative paragraph 2 of the draft resolution under consideration (Conference Room Paper N° 1), the words "among other fields, in the economic integration of Latin America" should be inserted after the word "Institute".

Mr. IGLESIAS (Uruguay) endorsed the draft resolution and said that his country was deeply grateful for the extensive assistance it had received from ECLA and the Institute in the preparation of its development plans.

The meeting rose at 12.10 p.m.