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ECONOMIC COMMISSION FOR LATIN AMERICA
COMMITTEE OF THE WHOLE
Eighth Session

PROVISIONAL SUMMARY RECORD OF THE FOURTH MEETING

Held at ECLA Headquarters, Santiago, Chile,
on Friday, 16 February 1962, at 10.5 a.m.

CONTENTS:

Draft resolutions (continued).

PRESENT:

<u>Chairman:</u>	Mr. ESCOBAR CERDA	Chile
<u>Rapporteur:</u>	Mr. ROCHA	Colombia
<u>Members:</u>	Mr. SOLARI	Argentina
	Mr. GALARZA	Bolivia
	Mr. RAMOS DE ALENCAR	Brazil
	Mr. MIDWINTER	Canada
	Mr. DIAZ CONTRERAS	Chile
	Mr. JIMENEZ MONGE	Costa Rica
	Mr. LASALIE	Cuba
	Mr. MARTINEZ MORAZA	Dominican Republic
	Mr. BORRERO	Ecuador
	Mr. LISETTE	France
	Mr. ALVAREZ ESCOBAR	Guatemala
	Mr. FARREAU	Haiti
	Mr. ORTIZ	Mexico
	Mr. RADHAKISHUN	Netherlands
	Mr. LUNA	Nicaragua
	Mr. COUCHONNAL	Paraguay
	Mr. BAKULA	Peru
	Mr. KENNEDY	United Kingdom of Great Britain and Northern Ireland
	Mr. COLE	United States of America
	Mr. VASQUEZ	Uruguay

Representatives of States
Members of the United Nations
not members of the Commission,
attending in a consultative
capacity:

Mr. BRUENNER	Austria
Mr. MERAN	Hungary
Mr. CUNEO	Italy
Mr. ANDO	Japan
Mr. PAN DE SORALUCE	Spain
Mr. ALEXEEV	Union of Soviet Socialist Republics

Representatives of States not
Members of the United Nations,
attending in a consultative
capacity:

Mr. MEMES	Federal Republic of Germany
Mr. STINER	Switzerland

Representatives of specialized
agencies:

Mr. CASSAN	International Labour Organisation (ILO)
Mr. H. SANTA CRUZ	Food and Agriculture Organization (FAO)
Mr. VAN DE CASTEELE	International Civil Aviation Organization (ICAO)
Mr. VERA	United Nations Educational, Scientific and Cultural Organization (UNESCO)
Mr. BLOOMFIELD	World Health Organization (WHO)
Mr. MARTINEZ	World Meteorological Organization (WMO)

Representatives of inter-
governmental organizations:

Mr. DA SILVA	Organization of American States (OAS)
Mr. DEL PINO	Inter-Governmental Committee for European Migration (ICEM)

Representatives of non-
governmental organizations:

<u>Category A:</u> Mr. BERGANZA	International Confederation of Free Trade Unions (ICFTU)
Mr. SOTO	World Federation of Trade Unions (WFTU)

/Secretariat:

Secretariat:

Mr. PREBISCH

Executive Secretary

Mr. SWENSON

Deputy Executive Secretary

Mr. A. SANTA CRUZ

Assistant Executive Secretary

Mr. ECHEGOYEN

Technical Assistance Board

(TAB)

Mr. VALDES

Secretary of the Commission

DRAFT RESOLUTIONS

United Nations Building in Santiago (continued) (Conference Room Paper N° 2)

The CHAIRMAN reminded the Committee that it still had to elect the three members of the Ad Hoc Committee that was to co-ordinate and promote the gift programme in consultation with the ECLA secretariat and the architect.

Mr. ORTIZ (Mexico) suggested that the secretariat should propose the names of candidates.

Mr. VALDES (Secretary of the Commission) proposed, on behalf of the secretariat, the representatives of Brazil, Costa Rica and Chile.

The representatives of Brazil, Costa Rica and Chile were elected as members of the Ad Hoc Committee by acclamation.

Mr. RAMOS DE ALENCAR (Brazil) said that his Government had made the Government of Chile an offer to furnish the plans for the seventy hectares of the Parque de las Americas, where the United Nations building was to be erected, thus enhancing the beauty of the city of Santiago. The plans would be entrusted to the Brazilian architectural firm of Roberto Burle Marx, of international repute.

Mr. LISETTE (France) said that his Government would be very interested in receiving from the Ad Hoc Committee a list of suggested gifts, so that France could make an appropriate contribution to the building.

Draft Resolution on the Decentralization of the United Nations Economic and Social Activities and Strengthening of the Regional Economic Commissions (Conference Room Paper N° 1)

Mr. SOLARI (Argentina), introducing the draft resolution, said that the decentralization process was the outcome of the need to make technical assistance activities more effective, and that the reasons that had applied in the past for caution in introducing the reform involved were no longer valid. However, he emphasized that the essential requirement for the success of the decentralization was that the regional commissions should be provided with sufficient resources to fulfil their new functions and responsibilities.

The draft resolution was adopted unanimously.

Draft Resolution on the Latin American Institute for Economic and Social Planning (Conference Room Papers Nos. 3, 3/Rev.1, 5 and 5/Rev. 1)

The CHAIRMAN asked the Committee to agree to consider Conference Room Paper N° 3/Rev.1, despite the fact that it had not been submitted twenty-four hours in advance; it was a slightly amended form of Conference Room Paper N°3, the principal change being the inclusion of Argentina among the sponsors of the draft resolution.

It was so agreed.

Mr. SOTO (World Federation of Trade Unions) said that his organization was greatly interested in the establishment of the Latin American Institute for Economic and Social Planning, and hoped that the Institute's activities would include courses on trade union and labour subjects. He thought it appropriate that ECLA should represent on the Governing Council all the international organizations participating in the financing of the Institute, and that the Director-General should have the right to participate, without vote, in its deliberations. The Institute, rather than including consideration of educational programming problems in its plans from the outset, should wait until the Conference on Education and Development, sponsored by UNESCO in conjunction with other organizations, had been held. The Institute should, on the other hand, consider such problems affecting the welfare of the masses as land reform, regulation of trade, wage increases and safeguards against unemployment.

Mr. ORTIZ (Mexico), speaking on behalf of the sponsors of the draft resolution, explained that there had been serious divergences of view, not with respect to the basic principles by which the Institute was to be guided, but as to its form of organization. In particular two schools of thought had emerged, during the initial discussion, with respect to subparagraph 3 (a) of part A of the draft resolution. Some had favoured a Governing Council consisting solely of government representatives; others had proposed a mixed formula, with representation of both Governments and international organizations. The group of countries that had submitted the draft resolution had reached agreement on the idea of establishing a Council of a technical character, the appointment of its members being entrusted to ECLA. The formula thus arrived at envisaged a Council consisting of eleven members of recognized technical ability, of whom eight would be nationals of eight different Latin American countries and three would be /from international

from international organizations.

The Director-General was to be appointed in accordance with the United Nations regulations.

Mr. SOLARI (Argentina) thanked the delegations for the understanding they had shown in regard to the points raised by his Government, and said that he would give the draft resolution his full support.

Mr. LASALLE (Cuba) expressed satisfaction at the establishment of a body qualified to train experts and assist Governments in the preparation of economic and social development plans. The aims of the Institute, as set out in the draft resolution, should also include the study of planning techniques applied outside the continent in order to prevent the Institute from falling into dogmatic ways, which led nowhere.

The causes underlying the situation which now confronts the continent should be reviewed, as had been done in Cuba. In 1958 his country had been faced with the following conditions: a single crop agriculture which had reached unsuspected limits; the concentration of rural land in a few hands, absentee landowners, the rural masses forced into the most barren areas or eking out a wretched existence in the cities; the subsoil and public utilities handed over to foreign corporations; inadequate education, with 37 per cent of the population illiterate, and the universities turning out lawyers and philosophers in abundance but few engineers and agronomists. Since that time new methods had been applied to remedy those defects which were typical of under-developed countries. The recommendations of United Nations agencies on agrarian reform, diversification of production, industrialization, absorption of unemployment, a higher investment coefficient, etc., were being acted upon. Planning in Cuba had proved to be effective in every respect and an experience upon which the other Latin American countries might usefully draw. His Government was prepared to offer fellowships through which the methods applied in Cuba could be studied.

The formulation of plans was not everything, for they could only be implemented when a substantial portion of the means of production was under public ownership.

With respect to the draft resolution under consideration, he felt that the reference in part A sub-paragraph 1 (d) to the study of planning techniques used in Latin America should include the socialist planning being

/undertaken in

undertaken in Cuba. In connexion with sub-paragraph 3 (a), the Cuban delegation agreed with the point made by the Mexican delegation at an earlier meeting to the effect that, in view of the smooth integration of the work done in the ECLA/OAS/IDB Tripartite Committee, the international organizations need not necessarily be represented on the Governing Council of the Institute. The Tripartite Committee should be represented on the Governing Council by the United Nations organ. He proposed, on the other hand, that Cuba should be represented on the Council because it was the first country in Latin America in which socialist planning had been applied and it had thus effectively solved the problems with which under-developed countries were faced.

The Cuban delegation felt that the presence of a representative of the Organization of American States on the Council would create difficulties. For example, FAO already knew from experience that it was inappropriate to arrange meetings to be attended both by Cuba and OAS. Cuba wanted the spirit of universality of the United Nations Charter to prevail in the new organ which, because of its technical character, should be free of political ties.

Mr. LARRAZABAL (Venezuela) said he would withdraw his amendments (Conference room papers Nos. 5 and 5/Rev.1) in order to facilitate the work of the Committee. ECLA's statistics had clearly revealed the deplorable economic conditions with which the Latin American continent was contending. Thus, in Venezuela, a country which had the reputation of being wealthy because of its petroleum production, the masses had not achieved the minimum level of well-being. Latin America would have to change, either by evolution or revolution. The task of the new Institute was precisely to find a solution which would facilitate the formation of an over-all economy which would ensure the well-being and happiness of the Latin American peoples.

Mr. H. SANTA CRUZ (United Nations Food and Agriculture Organization), referring to the remarks of the representative of Cuba, said that he had no information which would indicate failure of the arrangements to hold in Havana a joint agricultural conference between FAO, OAS, ECLA and the Inter-American Institute of Agricultural Sciences.

FAO had warmly supported the new Institute from the very outset and had made that clear to ECLA and the United Nations Special Fund. FAO was the United Nations organ primarily concerned with agriculture and it could not be denied that the low level of rural life and the backwardness of agriculture constituted the major obstacle to the economic development of the Latin American peoples. Hence, FAO's action had been along the same lines as that taken by ECLA with respect to problems of planning and the establishment of priorities which would make for the maximum use of the resources available.

Included in the joint action undertaken by FAO and ECLA was the dispatch of Advisory Groups, particularly to Colombia, and Bolivia, with the participation of FAO experts in agricultural programming. FAO was interested in co-operating with the new Institute, not only with respect to the Advisory Groups but also in training and research activities in the field of agricultural programming.

FAO warmly welcomed the idea of establishing, within the Institute, an Agriculture Division set up along the lines of the Joint ECLA/FAO Division. Moreover, FAO should have the opportunity to express its views on the over-all trend of the Institute's activities, either in the Governing Council or outside. That point should therefore be considered in the draft resolution on the establishment of the Institute.

Mr. VERA (United Nations Educational, Scientific and Cultural Organization) endorsed the remarks of the FAO representative. In common with the other specialized agencies, UNESCO was keenly interested in the creation of the Planning Institute. There was no need to stress the importance of education for economic development. It would only be recalled that President Kennedy had recently laid stress on the fact that no economic development plan was complete without a parallel plan for the development of human resources and education. Although those who were preparing the education project undoubtedly had that idea in mind, he considered it desirable that it should be given expression in order to bring it to the knowledge of the general public. The Institute's spheres of action must be defined and one of them would be education.

/ Mr. GALARZA

Mr. GALARZA (Bolivia) said that even before 1961 his Government had been interested in the idea of an organization similar in its nature and functions to the Planning Institute under consideration. Hence his country wholeheartedly supported the creation of the Institute being convinced of the enormous importance of such an agency for Latin America.

Reviewing the activities that would be entrusted to the Institute, he pointed out that there was an urgent need for new techniques for programming development that would take due account of the special requirements and aspirations of the Latin American countries. The techniques currently in use tended to be on the same lines as those practised in more developed countries where conditions were very different. Economic and social development was an unending process, and should not lead to economic stagnation or rigid social stratification; but before the necessary process of development could take place in the less advanced countries, the first and essential step was to effect a radical change in the economic and social structure of those countries to create a suitable climate for development.

Those were some of the many issues that the Institute would have to deal with. It was essential that they should be considered without delay in view of the rapid growth of the population, which in many countries was out of all proportion to their prospects of enjoying even moderately satisfactory levels of living. It had become obvious that the free play of economic forces was inadequate to satisfy the aspirations of the peoples of the region. Hence every effort should be made to plan with a view to enhancing the positive forces of the economy and getting rid of those that were antagonistic to development.

Mr. DIAZ CONTRERAS (Chile) recalled that the decision taken at the fifth session of the Economic and Social Council to create ECLA, which had then been established in February 1948, was in fact, the outcome of a proposal by the delegation of Chile. Although the work of ECLA during the past years had undoubtedly given fruitful results, it was currently taking a great stride forward in creating a technical organization to train the people who would carry planning techniques to the Latin American countries.

/He concluded

He concluded by expressing his Government's satisfaction that the headquarters of the Planning Institute was to be at Santiago, near to that of ECLA.

Mr. LISETTE (France) said that his Government was greatly interested in the creation of the Planning Institute since as being an important contribution to the fulfilment of the Punta del Este Charter. The Institute would help to integrate planning concepts and aims and to establish bonds with other organizations, particularly the United Nations specialized agencies. Some mention should be made in the draft resolution of co-ordination with those organizations. France was ready to collaborate closely with the Institute and to put experts at its disposal.

With respect to the misgivings expressed by certain representatives as to the adverse influence that the European Economic Community might exercise on Latin American trade, he assured the meeting that the Community had every intention of continuing to co-operate with the Latin American countries in matters of finance, economics and trade and that their fears would shortly be dissipated by the trend of developments. It should not be forgotten that between 1959 and 1961 Latin American exports to the countries of the Community had increased by 20 per cent; moreover the Community was ready to seek a solution to all the problems raised by its relations with Latin America. For its part, France had always felt that exports should be sheltered from the effect of price fluctuations and to that end had recently opened negotiations with GATT on trade in agricultural commodities.

Mr. COLE (United States of America) said that his Government fully recognized the importance of sound and effective planning in the achievement of the objectives of the Alliance for Progress. For economic growth, research and training were as essential as the provision of advisory services to individual Governments, and by undertaking all those tasks in collaboration with other inter-American and international organizations, the Institute would be supplying a real need. His Government therefore supported the creation of the Institute, and urged that the need for continued international co-operation be recognized through the election of representatives of the international organizations to sit on the Governing Council of the Institute.

Mr. BERGANZA (International Confederation of Free Trade Unions and Inter-American Regional Organization of Workers of the ICFTU) said that both organizations would continue in the future to do everything in their power to support the aspirations of the millions who were struggling to attain a better life. Among their most urgent needs were land reform and greater stability in international commodity trade, through agreements that would rationalize production and stabilize prices and markets.

Industrialization was vital, but it should not depend exclusively on external financial and technical assistance. Each country must make every effort to furnish the capital required from its own resources, accelerate the training of technicians and skilled workers, and maintain a balance in its industrial development so that the needs both of domestic consumption and of the export market could be met.

While private investment should certainly be encouraged, public investment would have to be increased, to finance projects that did not attract or could not be confided to private enterprise. Tax reform was essential if sufficient public funds were to be available to finance education, health, housing and other social programmes. Taxes must be progressive, and outworn administrative methods must be replaced. Governments could not expect external aid if they did not make full use of their own resources.

Current movements for integration deserved full support from the free trade unions. If the people were to benefit it was essential that the trade unions should play their proper part in planning and executing integration programmes.

Aid funds to countries in process of development should be administered by permanent inter-American credit institutions, and should go to sectors of the community so far neglected. Nor should they be made available to countries dominated by dictatorships or whose Governments in any way violated the principle of representative democracy.

He stressed the need for measures to combat illiteracy, to improve educational systems, to finance scientific research and to train workers.

Mr. VASQUEZ (Uruguay) supported the draft resolution, although it contained certain minor points with which he was not in complete agreement. The creation of the Planning Institute constituted an act of faith, of which the aims, scope and programme should be defined. Insofar as its

purpose was concerned, a single organization could not of course achieve the optimum development of Latin America, which should be the outcome of a policy of evolution and of the sustained efforts of the whole people. As regards the scope of the Institute, it should be borne in mind that its creation signified the transition from the still imperfect stage of planning at the national or regional level to world planning. Lastly, with respect to the programme mapped out for the Institute, the first step was to take stock of the real state of affairs in Latin America. As it would be impossible to remedy all the shortcomings at once, a start should be made on the superstructure, without neglecting the infrastructure. In other words, while the more superficial economic problems were being dealt with, efforts should concurrently be made in the fields of education, land reform and so forth to remedy the more deep-rooted defects.

Mr. RADHAKISHUN (Netherlands) pointed out that at the ninth session of the Commission his country had been a co-sponsor of the resolution proposing the creation of an Institute for Development Planning. His delegation therefore gave its full support to the draft resolution under consideration. The Netherlands Government hoped to make the services of at least one expert available to the new Institute.

The draft resolution (Conference Room Paper N° 3/Rev.1) was adopted by 18 votes to none, with 1 abstention.

Draft Resolution for Action by the Economic and Social Council on the Latin American Economic and Social Planning Institute

The CHAIRMAN presented for consideration by the Committee the draft resolution for action by the Economic and Social Council (Conference Room Paper N° 4).

Mr. RAMOS DE ALENCAR (Brazil) said that his Government had constantly supported the project to create an Institute for Economic and Social Planning at every phase of its preparation, on the grounds that it would provide an improved mechanism for hastening the progress of the Latin American countries. Apart from realizing the wishes of the Governments, the Institute was an inevitable historical development in view of the desire of the Latin American people to improve the unsatisfactory conditions prevailing in the region. All the endeavours made should be revolutionary

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in the sense that they should be dynamic in pace, so as to ensure that a certain degree of progress and prosperity would be achieved as rapidly as possible, as a means of easing the social pressure that might otherwise undermine the institutional stability that the Latin American countries wished to preserve. It was therefore essential that all the countries of the region should unite in a common effort to deal with the problems fundamental to mankind everywhere. In that respect, he recalled the leading role played by Brazil in launching Operación Panamericana, which had culminated in the Alliance for Progress - the focus of all the hopes of the Latin American nations. The Institute would begin its work with the valuable inheritance of experience handed down to it by ECLA and its Executive Secretary.

The draft resolution (Conference Room Paper No. 4) was adopted by 19 votes to none, with 1 abstention.

Mr. PREBISCH (Executive Secretary) said that he was deeply grateful for the support that had been given to the project of the Institute. He greatly appreciated the offers made by the delegations of France and the Netherlands to provide experts for the Institute and, in the case of the former, to offer fellowships for economists and technical personnel to study planning techniques in France. He hoped that that type of collaboration would continue, since it was a means of achieving the intellectual liberty and breadth of experience that he considered to be all-important for the work of the Institute as it had been for ECLA in the past.

Recalling that the proposal to found the Economic Commission for Latin America had been made by the Government of Chile, he expressed his appreciation of its steady support ever since, culminating in the donation of a site for the new United Nations building.

With reference to the statement made by Mr. Hernán Santa Cruz, consideration was being given to the participation of FAO in the Institute, and it was hoped that FAO would be able to contribute to the financing.

PROGRAMME OF WORK AND PRIORITIES, 1961-62 (continued)

Mr. VALDES (Secretary of the Commission) referred to the discussion at the third meeting of the Committee, when the programme had been adopted, with the exception of the following two projects that would form part of the Institute's activities if the Committee so decided: Advice and assistance to Governments in the planning of economic development (project 3 (iv)) and the Joint ECLA/BTAO Economic Development Training Programme (project 5). He asked the Committee to take a decision on the matter.

The adoption of the programme of work and order of priorities, 1961-62, was confirmed with the exception of projects 3 (iv) and 5, which would become part of the programme of the Latin American Institute for Economic and Social Planning.

The meeting rose at 1 p.m.