

UNITED NATIONS

ECONOMIC COMMISSION
FOR LATIN AMERICA
AND THE CARIBBEAN



1948 - 1988

ECLAC

Distr.
GENERAL

LC/G.1524 (SES.22/20)
17 June 1988

ENGLISH
ORIGINAL: SPANISH

REPORT OF THE TWENTY-SECOND SESSION OF THE ECONOMIC COMMISSION
FOR LATIN AMERICA AND THE CARIBBEAN */

(Rio de Janeiro, Brazil, 20-27 April 1988)

*/ As proposed by the Rapporteur, and in accordance with normal ECLAC practice, representatives of member governments may submit their observations on this Report to the Secretariat of the Commission up to 15 August 1988 at the latest.

88-5-656

CONTENTS

	<u>Paragraph</u>	<u>Page</u>
A. ATTENDANCE AND ORGANIZATION OF WORK	1- 53	1
Place and date of the session	1	1
Attendance	2- 12	1
Credentials	13	3
Opening ceremonies	14- 46	3
Election of Officers	47- 48	9
Committees	49- 52	9
Documentation	53	10
B. AGENDA	54	10
C. SUMMARY OF DEBATES	55-458	11
Opening ceremony of the technical stage	55- 72	11
Reports of the Committees	73-262	14
a) Report of Committee I	73-153	14
b) Report of Committee II	154-245	38
c) Report of the Sessional Committee on Co-operation among Developing Countries and Regions	246-262	53
Plenary	263-452	57
a) Meetings to commemorate the fortieth anniversary of ECLAC	263-281	57
b) Working meetings	282-452	61
Admission of Aruba as an associate member of ECLAC (agenda item 8 a))	283	61
General debate	284-423	62
Declaration by the Central American countries concerning United Nations General Assembly resolution 42/204 on special economic assistance to Central America (agenda item 8 b))	424-427	90
Declaration of support for Panama by the countries of Latin America and the Caribbean	428-446	91
Consideration and adoption of the reports and draft resolutions submitted by the Committees	447-451	94
Consideration of draft resolutions submitted directly to the Plenary	452	94
Closing meeting	453-458	95

A. ATTENDANCE AND ORGANIZATION OF WORK

Place and date of the session

1. The twenty-second session of the Commission was held in Rio de Janeiro, Brazil, from 20 to 27 April 1988. In the course of the session, seven plenary meetings were held (231 to 237). As the year of the session coincided with the fortieth anniversary of the founding of ECLAC (1948-1988), two special commemorative meetings were held, at the first of which the speakers were Enrique V. Iglesias and João C. Baena Soares, while at the second addresses were delivered by Celso Furtado and Carlos Rafael Rodríguez.*/

Attendance

2. The session was attended by representatives of the following member States of the Economic Commission for Latin America and the Caribbean: Antigua and Barbuda, Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, France, Guatemala, Guyana, Haiti, Jamaica, Mexico, the Netherlands, Nicaragua, Panama, Paraguay, Peru, Portugal, Saint Vincent and the Grenadines, Spain, Suriname, Trinidad and Tobago, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Uruguay and Venezuela.

3. The Netherlands Antilles, an associate member of the Commission, was also represented. The incorporation of Aruba as a new associate member was approved at the 231st plenary meeting, and it thereafter also took part in the work of the session.**/

4. In accordance with paragraph 6 of the Terms of Reference of the Commission, observers from the following United Nations member States which are not members of the Commission were present in a consultative capacity: Australia, Austria, Belgium, China, Czechoslovakia, Egypt, Federal Republic of Germany, Finland, German Democratic Republic, Greece, Indonesia, Israel, Italy, Japan, Lebanon, Norway, the Philippines, Romania, Sweden, and the Union of Soviet Socialist Republics.

5. The following States which are not members of the United Nations were also represented in a consultative capacity: the Holy See and Switzerland.

*/ For summaries of these statements see paras. 264 to 281 below.

**/ See paras. 283 and 452 below, and ECLAC resolution 490(XXII).

6. The United Nations Secretariat was represented by the Director-General for Development and International Economic Co-operation and by officials from the Department of Public Information and the Regional Commissions Liaison Office.

7. In addition, representatives of the following United Nations bodies attended the session: United Nations Children's Fund (UNICEF), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Population Fund (UNFPA), United Nations University (UNU) and World Food Programme (WFP).

8. The following United Nations specialized agencies were represented at the session: International Labour Organisation (ILO); Food and Agriculture Organization of the United Nations (FAO); International Civil Aviation Organization (ICAO); International Monetary Fund (IMF); United Nations Educational, Scientific and Cultural Organization (UNESCO); United Nations Industrial Development Organization (UNIDO); World Bank; World Health Organization (WHO); and World Meteorological Organization (WMO).

9. The meeting was also attended by representatives of the following intergovernmental organizations: Andean Development Corporation (CAF), Board of the Cartagena Agreement (JUNAC), Caribbean Community (CARICOM), Central American Institute for Industrial Research and Technology (ICAITI), Commission of the European Communities (CEC), Council for Mutual Economic Assistance (CMEA), Group of Latin American and Caribbean Sugar Exporting Countries (GEPLACEA), Institute for Latin American Integration (INTAL), Inter-American Development Bank (IDB), Inter-American Institute of Agricultural Co-operation (IICA), Intergovernmental Committee for Migrations (CIM), Latin American Economic System (SELA), Latin American Energy Organization (OLADE), Latin American Faculty of Social Sciences (FLACSO), Latin American Integration Association (ALADI), Organization of American States (OAS), Organization of Eastern Caribbean States (OECS) and Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA).

10. The following non-governmental organizations enjoying consultative status with the Economic and Social Council were also represented: Category I: International Chamber of Commerce, International Confederation of Free Trade Unions, International Council of Women, International Organization of Consumers' Unions, International Social Security Association, International Union of Local Authorities, League of Red Cross Societies, Third World Foundation, World Confederation of Labour, World Federation of Democratic Youth, World Federation of Trade Unions, World Veterans' Federation. Category II: Baha'i International Community, International Association of Lions Clubs, International Catholic Child Bureau, International Commission on Irrigation and Drainage, International Federation of University Women, International Road Transport Union, Latin American Association of Development Finance Institutions, Rehabilitation International, Women's International Zionist Organization, World Lutheran Federation, World Vision International. Roster: Centre for Latin American Monetary Studies (CEMLA) and Latin American Social Sciences Council.

11. In the category "Other non-governmental organizations", the following organizations were represented: Association of Non-governmental Organizations (Chile), External Trade Studies Centre Foundation (Brazil), National Confederation of Industries (Brazil), and Programme of Joint Studies on Latin American Economic Integration.

12. Attending the session as specially invited guests were Edmar Bacha, João C. Baena Soares, Antonio B. Baltar, Antonio Barros de Castro, Regino Boti, Sulamis Dain, André Franco Montoro, Celso Furtado, Luis Alberto Gómez de Souza, Norberto González, Enrique V. Iglesias, Julio Enrique Orellana Ramos, David H. Pollock, Augusto Ramírez-Ocampo, Carlos Rafael Rodríguez, Jayme C. Santiago, and Paulo Renato C. Souza.

Credentials

13. Pursuant to Rule 15 of the Commission's Rules of Procedure, the credentials of the delegations as submitted to the Executive-Secretary were examined and found to be in order.

Opening ceremonies

14. The technical stage of the twenty-second session opened on Wednesday, 20 April 1988 at 12:00 p.m. in the Copacabana Palace Hotel of Rio de Janeiro. At the opening ceremony addresses were delivered by the Executive Secretary of the Commission, Mr. Gert Rosenthal, and by the Minister of Planning and Co-ordination of Brazil, Mr. João Batista de Abreu, on behalf of the host country.*

15. The opening ceremony of the ministerial-level stage took place on Monday, 25 April at 10:00 a.m. in the Copacabana Palace Hotel. It was presided over by H.E. Mr. Roberto de Abreu Sodré, Minister of Foreign Affairs of Brazil and Chairman of the Commission.

16. At this ceremony, addresses were delivered by the Minister of Planning and the Budget of Mexico, Mr. Pedro Aspe; the Director-General of Development and International Economic Co-operation of the United Nations, Mr. Jean Ripert; the Executive Secretary of ECLAC, Mr. Gert Rosenthal, and H.E. Mr. Roberto de Abreu Sodré. The Secretary of the Commission, Mr. Daniel Blanchard, read a special message to the session from the Secretary-General of the United Nations, Javier Pérez de Cuellar.

17. The Minister of Planning and the Budget of Mexico said that, 40 years after its establishment, ECLAC was a solid and extremely valuable institution which had contributed much to the development of the region during that period. After the end of the Second World War, ECLAC had contributed to the design of economic models which had given impetus to the structural transformation of the countries of Latin America and to contact and concertation among the governments of the region.

*/ For summaries of these addresses, see section C, paras. 55 to 71.

18. At the Special Conference of ECLAC held in Mexico in 1987, President Miguel de la Madrid had urged the Commission to undertake a special effort of reflection and analysis regarding the various schemes and arrangements for solving the debt problem, the analysis of the structural changes in the region, and the role which regional integration should play in the development of the countries. Those reflections had already been incorporated into the draft programme of work of ECLAC for the biennium 1990-1991 and reaffirmed in the document of the Committee of High-Level Government Experts (CEGAN), which called for the establishment of a new international economic order based on the restructuring of the monetary system.

19. Despite the difficulties encountered in recent decades, several countries of the region had undertaken processes of modernization, structural change and greater orientation of their productive apparatus towards the exterior, in order to gear their economies to meet the challenges posed by industrial reconversion and a new approach to the question of the scale and degree of State intervention in the economy in order to enhance its efficiency.

20. The internal adjustment efforts made by Mexico in recent years would be useless if the international environment proved unfavourable, since all progress in the area of development was susceptible to the evolution of the world economy and, in particular, that of the international financial situation. It was impossible to fulfill debt-servicing obligations in a context of prolonged domestic recession, increasing external protectionism, deteriorating terms of trade and termination of the financial flows from abroad; one of the indispensable conditions for fulfilling those obligations was the opening up of the markets of the trading partners of Latin America and the Caribbean.

21. Furthermore, ECLAC should actively support the countries of the region in the negotiations of the Uruguay Round in order to make full use of the negotiating strength of Latin America. As had been recently pointed out by the eight Latin American Presidents gathered together in Acapulco, the return to sustained economic growth, improvement of living conditions and the strengthening of the democratic processes in the region were closely linked to a just and lasting solution to the problem of the external debt. While the strategy adopted had so far prevented the collapse of the global economic system, it had failed to reconcile the fulfilment of debt-servicing obligations with the attainment of satisfactory rates of growth.

22. Mexico had expressed the view, at the highest political level, that in defining new options, the debtor countries should benefit from the discounting of their debt on the secondary markets, which had yielded them only limited benefits so far. The recent experience of Mexico in exchanging bonds for debt represented a significant step in that direction. He reiterated that the servicing of the debt should be made consonant with the ability of the debtor countries to pay and should be linked to objective variables such as the growth of per capita income or the price of the main export products.

23. In the matter of intra-regional economic co-operation, CEGAN had a key role to play and should therefore resume its original functions and become once again the most specialized forum for analysis, debate and the formulation of proposals. The current session of the Commission provided a good

opportunity to discuss the situation described before, to review various aspects of development strategy and to achieve concrete results.

24. Referring to the situation of Central America, he said that respect for the principles of non-intervention and the self-determination of peoples was threatened there. He reiterated his country's view that international relations should be based on strict adherence to the rule of law, and in particular, to the Charter of the United Nations, and appealed for support for the Esquipulas Agreement, since there could be no peace without development and no development without peace. The path to follow was clear, and Latin American integration was obviously a valid option for meeting current and future challenges. If Latin America acted with realism, the ideals of Bolívar would be no idle dreams, but rather practical paths of development for the countries of the region.

25. A message from the Secretary-General of the United Nations was read out, in which the Secretary-General stated that in its 40 years of existence, ECLAC had made a vital contribution to the economic and social thinking of the region and of the international community as a whole, had helped to formulate development policies, and had made a valuable contribution to regional and subregional co-operation, by directing its proposals and the support of its Secretariat to meeting the needs of specific subgroups of countries.

26. He noted that the countries of Latin America and the Caribbean were currently in the grip of a hostile international economic climate and that the effects of the debt burden were reflected in the transfer of resources from the region to the rest of the world. That gloomy picture was further darkened by the political struggles in Central America, which had exacerbated the existing economic difficulties of that subregion. In that connection, he expressed his satisfaction at having had the opportunity to carry out the mandate of the General Assembly, contained in its resolution 42/1, to promote a special plan of economic co-operation for Central America.

27. He appealed to the authorities of the developed countries which maintained relations with the region to intensify their support for the implementation of imaginative solutions to the current crisis and offered his full co-operation in that task, noting that, in conformity with General Assembly resolution 42/198, he proposed to undertake consultations in order to seek solutions to the debt problem and related development problems. Finally, he assured the countries of the region that no effort would be spared to ensure that the severe financial restrictions facing the United Nations did not negatively affect the important work of the Commission.

28. The United Nations Director-General for Development and International Economic Co-operation said that there was great concern in many countries of Latin America because of the crippling external debt burden and the persistence of considerable negative financial transfers. That situation, coupled with the very unfavourable external economic situation and certain lacunae in national economic policies, hindered the considerable internal adjustment efforts being made by the governments of the region. In order to resume the path to lasting and equitable development, three basic conditions must be met. The first of those was the creation of an international economic climate more favourable to growth, especially on the part of the

industrialized countries which had trade surpluses. To that end, the macroeconomic policies of the large industrialized countries should be more complementary and should be co-ordinated more effectively. In order to overcome the difficulties involved in that task, greater political will was needed.

29. In the second place, a lasting solution needed to be found to the external debt problem and efforts must be made to reconcile debt servicing with growth requirements by making the contributions of all the governments involved --both debtors and creditors, banks and international financial organizations-- assume their responsibilities in a balanced and equitable way. Similarly, increased financial flows from abroad, both public and private, were required in order to continue applying the structural adjustment programmes, which must be made more compatible with the achievement of economically and socially satisfactory development.

30. The resources of the multilateral financial institutions must be increased. In that connection, he noted, the recent decision to increase the capital of the World Bank was a step in the right direction and there was reason to hope that agreement would soon be reached to augment the IMF quotas and the resources of the Inter-American Development Bank. With respect to commercial credits, noteworthy progress had recently been made, especially in the cases of Mexico and Bolivia. The governments of the creditor countries should encourage such solutions and provide the World Bank and the IMF with the means to play a more active role as catalysts in that process.

31. Thirdly, the governments of both the creditor and the debtor countries should adopt more effective and coherent domestic economy policies, paying greater attention to social aspects and to the issues of the external equilibrium and price stability, while stimulating private enterprise.

32. In pursuance of General Assembly resolution 42/198, the Secretary-General was to hold high-level consultations on the debt and on the related problems of development and was to submit a report to the next session of the General Assembly. The conclusions of the debates of the Commission in that respect would be an important contribution to that process. Furthermore, the General Assembly had initiated the preparation of an international strategy for the Fourth United Nations Development Decade. The United Nations regional commissions, including ECLAC, had a very important role to play in that sphere, through the establishment of links between the analytical work under way at the national, regional and international levels.

33. The Director-General for Development and International Economic Co-operation ended his statement by repeating the assurance that, notwithstanding the financial difficulties still facing the United Nations, everything possible would be done to ensure that the Commission could continue its important work, with the priority it required. Referring to the significant contribution made by ECLAC to the Latin American countries' capacity for analysis and the initiation of innovative policies, he paid tribute to the pioneering work done by Raúl Prebisch and added that he was sure that the leading role played so far by ECLAC in the region would continue to be strengthened under Gert Rosenthal's able leadership.

34. The Executive Secretary of ECLAC said that the current session marked a special point in the institutional life of the Commission, which over the past 40 years had witnessed the most intense phase of economic and social transformation in the history of the countries of Latin America and the Caribbean as independent nations --a transformation which had come about in response to the convulsions of the Great Depression of the 1930s and the Second World War. The need now was for the countries to revitalize their patterns of national development and turn their eyes to the future.

35. He referred to the past, present and future of ECLAC and said that he felt impelled to do so because of the crisis now being experienced, because all kinds of transition were a spur to reflection and because he was part of a generation which had not taken part in the early years of the work of the Secretariat in its most creative period. His generation identified itself with the body of ideas which had inspired the work of the Secretariat since its inception: a body of ideas stemming first from an unwavering commitment to the principles of the Charter of the United Nations and second from a deep-seated sense of Latin American and Caribbean identity, which meant that development was approached from the vantage point of the countries of the region.

36. The ECLAC Secretariat had made important and lasting contributions to Latin American economic thinking. Its most distinctive features in the 1950s had been its creativity, its ability to build up an integrated, coherent body of ideas on the economic progress of Latin America during the early years of the postwar period, and its capacity for putting together its own line of economic thought and for perfecting and adapting to the realities of Latin America economic theories which gained currency in the world at large.

37. In that undertaking, the ECLAC Secretariat had displayed an original blend of thought and action, a tendency to question the mechanical application of conventional thinking to the realities of Latin America, and a recognition of the need to adapt its thinking to the changing economic circumstances.

38. ECLAC must continue to adapt its thinking to the changing circumstances both inside and outside the region. Moreover, acknowledging the virtues of the market in the allocation of resources did not mean negating the fundamental role to be played by the State in the development process, nor was there any contradiction between the goal of increasing Latin American integration and strategies of articulation with the international economy, as was clearly demonstrated by Europe's experience. The Secretariat did not claim to have all the answers nor to possess a monopoly of the truth; however, it did have experience, an institutional tradition, the ability to mobilize collective efforts, and a method of work which permitted it to serve as a sifting mechanism for economic ideas.

39. The fact that some of the leading countries of the industrialized world were members of ECLAC was no chance occurrence, but underscored the importance attributed by the Commission to the dialogue between the developed and the developing countries concerning the ever-present issue of the position of Latin America and the Caribbean in the international economy.

40. The Executive Secretary also stressed that the sustained reactivation of the economies of the region required an expanding international economy, the reversal of the outward transfer of financial resources, and the application of policies for bringing about structural change aimed at transforming the countries' production capacity, raising productivity, increasing domestic saving, improving income distribution and lessening the severe macroeconomic imbalances of recent years. So far, however, despite the considerable efforts made by the countries of the region and their extremely high social cost, the results had been unsatisfactory and the people of Latin America had had to bear a disproportionate share of the burden. If those prerequisites were not fulfilled, the Latin American and Caribbean countries might be obliged to adopt more isolationist policies, which would be tragic because it would divide the world into isolated segments when what was needed was a search for co-operative solutions that would provide the most rational and advantageous response for all.

41. ECLAC was commencing its fifth decade in an atmosphere which was charged with distrust and uncertainty but nevertheless also offered many opportunities. Latin America and the Caribbean had the human and natural resources, as well as the necessary creativity, to overcome the crisis and to enter the twenty-first century with better prospects. In those circumstances, ECLAC had a dual role to play. It must contribute to a renewal of Latin American economic thought and encourage rapprochement and co-operation among the countries of the region and between them and the industrialized centres, striving to facilitate Latin American development as part of an orderly expansion of the world economy.

42. The Minister of Foreign Affairs of Brazil, Mr. Roberto de Abreu Sodré, referring to the fortieth anniversary of ECLAC, said that the Commission had been the pioneer of modern Latin American economic thinking. Its diagnoses and proposals had given birth to solid concepts concerning the reality of the continent. As an organization in the vanguard of economic thinking, ECLAC had rendered outstanding services to the region and the seed of its studies was bearing fruit not only in governments, but also in universities, research centres and political parties.

43. As a forum for debate and reflection, ECLAC had helped the countries of the region to focus on the tremendous adversities which had to be overcome in the search for solutions likely to fulfil their people's legitimate aspirations for progress and well-being. Unfortunately, the region's efforts to achieve development and a bigger share in world trade continued to encounter major obstacles, such as the external debt, high interest rates, unstable exchange rates, slumping commodity prices and the protectionism practised by developed countries.

44. In 1987 the countries of the region had met at a special conference in Mexico City to assess the crisis and to reflect on the development strategies open to them. At the meeting, the Brazilian representative had stated that there was not acceptable alternative to economic growth and social justice. The course followed by the international economy since then had confirmed that assertion. Brazil wished to pay its debts, as it had always done, but in order to do so it was imperative that the creditor nations should set the stage for a just dialogue to promote development and the consequent expansion of the

debtor countries's wealth. The main conclusion reached by that meeting on the external debt crisis had been that it was essential to strengthen the spirit of solidarity and co-operation of the peoples of the region.

45. The developing nations were under the threat of a new international division of labour based, on the one hand, on control over advanced technology by a small number of countries, and on the other, on the difficulties faced by most of the world's peoples in gaining access to scientific knowledge. It was necessary to denounce and combat that danger. The stability of Latin America and the Caribbean depended on extending the benefits of development to the largest possible number of its citizens, as there could be no lasting peace amid poverty and backwardness.

46. Integration and unity constituted the means by which the region could achieve its sought-for and necessary development. Their natural resources, together with the creativity and the untiring labour of their peoples, were the basic tools which would enable Latin America and the Caribbean to construct a world of dignity in the future. Another vital element which must be mobilized by all the peoples of the region, without exception, was a firm political will. The challenge currently facing the peoples of the continent was to unite their efforts and to set aside ideological differences. ECLAC should rise to that challenge with a will by proposing, in accordance with its best tradition, original approaches, innovative solutions and creative interpretations for the construction of the future of Latin America and the Caribbean: a task in which Brazil would participate with enthusiasm.

Election of Officers

47. At the first plenary meeting, the delegations elected the Officers of the twenty-second session as well as those of the three committees set up to deal with the different items on the agenda.

48. The Officers of the twenty-second session of the Commission were as follows:

<u>Chairman:</u>	Brazil
<u>First Vice-Chairman:</u>	Trinidad and Tobago
<u>Second Vice-Chairman:</u>	Spain
<u>Third Vice-Chairman:</u>	Cuba
<u>Fourth Vice-Chairman:</u>	Chile
<u>Rapporteur:</u>	Costa Rica

Committees

49. The three committees referred to in paragraph 47 above were open to all delegations. One of them was a statutory sessional committee set up in accordance with previous decisions of the Commission.

50. Committee I dealt with restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them (agenda item 3).*/

*/ See the report of Committee I, paras. 73 to 153 below.

51. Committee II considered meetings of auxiliary bodies, and regional meetings sponsored by ECLAC in preparation for United Nations world conferences: conclusions and recommendations (agenda item 5); other activities of the ECLAC system since the twenty-first session, and programme of work of the Commission for the biennium 1990-1991 (agenda item 6) and calendar of conferences for the period 1988-1990 (agenda item 7).*/

52. The Committee on Co-operation among Developing Countries and Regions, a statutory sessional committee, dealt with item 4 of the agenda.**/

Documentation

53. The list of documents submitted by the Secretariat at the twenty-second session of the Commission is given in document LC/G.1512 (SES.22/7).

B. AGENDA

54. The Commission adopted the following agenda:

1. Election of Officers
2. Adoption of the agenda and organization of work
3. Restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them
4. Co-operation among developing countries and regions
5. Meetings of auxiliary bodies, and regional meetings sponsored by ECLAC in preparation for United Nations world conferences: conclusions and recommendations
6. Other activities of the ECLAC system since the twenty-first session, and programme of work of the Commission for the biennium 1990-1991
 - a) ECLAC
 - b) Latin American Demographic Centre (CELADE)
 - c) Latin American and Caribbean Institute for Economic and Social Planning (ILPES)
7. Calendar of conferences for the period 1988-1990

*/ See the report of Committee II, paras. 154 to 245 below.

**/ See the report of the Committee on Co-operation among Developing Countries and Regions, paras. 246 to 262 below.

8. Other business:

- a) Admission of Aruba as an associate member of ECLAC
- b) Some recent resolutions adopted by United Nations organs which require to be brought to the attention of the Commission

9. Adoption of the report.

C. SUMMARY OF DEBATES

Opening ceremony of the technical stage

55. At the opening ceremony of the technical stage of the twenty-second session, the Executive Secretary of ECLAC expressed his particular satisfaction that the twenty-second session was being held in Brazil, a country to which ECLAC owed a great debt of gratitude for the contributions made by a number of illustrious Brazilians and the important lessons to be learnt from that country's experience.

56. He said that in the present decade the Commission had perhaps concerned itself excessively with the immediate economic problems generated by the crisis; now, however, it should take a medium and long-term view in order to link economic policy management with the promotion of sustained development, since that was the fundamental purpose of the Commission. He added that the region's difficult economic situation today contrasted with the considerable progress it had achieved in several areas during the 30 years following the war: increase in the gross domestic product and in the size of the urban population, reduction of illiteracy, extension and modernization of the region's physical infrastructure, transformation of the economies as a result of the significant growth of industrialization, and the increase and diversification of exports, as well as progress in subregional economic integration.

57. The present situation, he said, was far from encouraging, because it had been necessary to absorb a serious contraction in overall income, while the distribution of the burdens of the adjustment among the different social strata had been markedly regressive. In addition, the fiscal crisis affecting all the governments of the region had had the negative effect of restricting the funds that could be allocated for financing the provision of basic social services. Furthermore, during the 1980s the region had suffered a severe decline in public and private investment, the most serious manifestations of which had been the failure to sustain the stock of capital and the growing obsolescence of the physical installations, all of which was connected with the macroeconomic imbalances of many of the region's countries. The link between the external restrictions and the resurgence of inflation was quite clear and highlighted a phenomenon to which little attention had been paid so far: the vicious circle whereby high levels of inflation feed the propensity to consume, hindering saving and investment.

58. Although many countries had managed to increase their non-traditional exports, he went on, this had not been sufficient to reverse the recessionary trends, because it was not based on solid increases in productivity. Even though all the member countries of the Commission, both developed and developing, seemed to be agreed that the present crisis had been caused by the interplay of internal and external phenomena, there was a tendency for each side to blame the other as the main culprit for recession and its attendant social cost; consequently, there was still a long way before reaching agreement as to the allocation of responsibility in this difficult and necessary undertaking.

59. He noted that, at the present time, it was necessary to consider how both the developed and developing countries could shoulder their respective responsibilities so as to put Latin America and the Caribbean back on the path of development. He stressed that the solutions would not come from outside and that therefore the countries would have to rely more than ever on their own efforts, although the international environment would nevertheless decisively influence the performance of the region's economies. That was precisely why, at the present session, issues related to multilateral co-operation would be examined in terms of three main components: the conditions of external demand for the region's main export products, access to new sources of financing, and the management of the external debt.

60. On the whole, some improvements could be perceived in the international economic climate which could help the region's economies to undertake the structural reforms that were indispensable for more dynamic and equitable growth within the framework of democratic and participatory societies. The Commission was therefore urging that progress should be made in the matter of the management of the external debt, since the vast amount of financial resources set aside for servicing it was a hindrance both to recovery in the short term and to mobilization of the saving required to finance the sustained growth of the economies in the medium and the long term. It was a question not only of breaking the vicious circle described earlier, but also of broadening the range of options open to all the parties involved --private creditors, debtors, governments of debtor countries and multilateral financial organizations-- in order to obtain the necessary room for action.

61. The magnitude of the task had led the Commission to go more deeply into previous proposals made on the subject, especially those submitted at the Special Conference of ECLAC held in Mexico in 1987. The central issue to be addressed was thus how to overcome the crisis and achieve development.

62. Finally, he said that two items would always be underlying the debates: on the one hand, the capacity of intra-regional co-operation and economic integration to circumvent some of the obstacles to development, and on the other, the quest for specific solutions for the different countries of the region (especially the relatively less developed ones), since each had its own special characteristics.

63. Mr. João Batista de Abreu, Minister of Planning and Co-ordination of Brazil, expressed the satisfaction of the Government and people of Brazil at the opportunity provided by the twenty-second session of ECLAC to host, for the second time, the principal conference of the Commission. The past

40 years' work had been fruitful, inspired by the highest Latin American ideals for the formulation of development strategies for the region, and on the occasion of the Commission's fortieth anniversary he wished to pay homage to two of the founders of the philosophy of ECLAC: Miguel Osorio de Almeida and Raúl Prebisch.

64. He added that over the past 40 years the economies of Latin America and the Caribbean had undergone profound changes and embarked on programmes of industrialization and of modernization of their economic policies which had been partly prompted by the queries raised by ECLAC regarding the limits imposed on development by the primary export model. It had to be acknowledged, however, that Latin America was still only half way to the objective of securing self-sustaining economic development and that the region continued to be an exporter of raw materials and natural resources.

65. He said that the international economic crisis had hit Latin America and the Caribbean particularly hard, but unequally. To a greater or lesser extent, the countries had witnessed the dashing of the hopes held out in the 1960s and 1970s for development and rapid growth. The transformation of the region into a net exporter of capital to the developed countries aptly summed up the unequal distribution of the burden of the crisis.

66. Among the multiple dimensions of the crisis, he focused, in particular, on its impact on the countries' approach to long-term issues and planning. Although the external crisis had not completely prevented growth, it had retarded it, and development strategies had to be rethought with a view to recovering the capacity to grow rapidly. The transformations under way in the world economy reflected long-term trends and required a new insertion of Latin America within the international economy.

67. Although it was known that short-term responses to the crisis determined long-term development, those responses had been made without any consideration as to their consequences for the region, and the problems would only be definitively solved if short-term economic policies were replaced within a clear vision of the desired orientation of national development over the medium and long terms.

68. The thinking of ECLAC and of Latin America had been inspired by criticism of the commodity-exporting model, and the proposed alternative had been the construction of more equitable societies based, in economic terms, on measures to overcome the domestic and external constraints on growth. The time had come to re-examine the fundamental issues which had been present at the time of the establishment of ECLAC: the need for growth and for the transformation of productive structures; the view of development as a multidimensional phenomenon; the need for industrialization, modernization and the incorporation of technical progress; and the role of the State as a promoter and agent of development.

69. Resumption of growth required the recovery of the capacity of the countries of Latin America to save and invest; hence there was need for both domestic and external changes, including the reduction of the net transfer of resources abroad. The Latin American and Caribbean economies had made a significant effort of investment and transformation through import

substitution. However, that process had brought about incomplete industrial development with serious maladjustments, making it advisable to re-examine industrialization in order to seek a response to the fundamental questions raised by industrial development and to the need to create modern, efficient and competitive productive structures. In that respect, there was need to reexamine the role of the State as an instrument for development and for the construction of a free and just society, overcoming the false dichotomy juxtaposing the public and private sectors, and to view development as a whole, returning to the principles of integral development.

70. The crisis carried within it the seeds of a new order. In the new international division of labour which was taking shape, Latin America and the Caribbean would have to face a twofold challenge in that they must enter the currents of rapid growth existing in world trade, while continuing their struggle for a new international economic order. A long-term view of the economies and societies of the region would be possible only through a national effort to plan the path towards development, justice and freedom.

71. He concluded by reiterating the confidence of the Government of Brazil in the work performed by the secretariats of ECLAC, ILPES and CELADE, expressing his certainty that they would remain faithful to the best traditions of Latin American thinking, and invited the Latin American and Caribbean countries and ECLAC to unite in an effort to overcome the crisis within a new long-term perspective in order to face together the transition to the twenty-first century, reaffirm the integrationist mission of Latin America and the Caribbean, and realize the ideal of a unified and powerful region.

72. After this opening plenary meeting, the delegations continued their work in three committees which dealt with different items of the agenda and each prepared a report for submission to the plenary.*/*

Reports of the Committees

a) Report of Committee I

73. Committee I met from 21 to 25 April to consider item 3 of the agenda of the session. The Officers of the Committee were as follows:

<u>Chairman:</u>	Mexico
<u>First Vice-Chairman:</u>	Peru
<u>Second Vice-Chairman:</u>	St. Vincent and the Grenadines
<u>Third Vice-Chairman:</u>	Netherlands
<u>Rapporteur:</u>	Guatemala

/ Paras. 73 to 262 below.

Restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them (agenda item 3)

74. The Committee had before it the following working documents: "Restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them" (LC/G.1488(SES.22/3)/Rev.1 and Corr.1), "Restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them (Summary)" (LC/G.1504(SES.22/13) and Corr.1), and "Report of the Fourteenth Session of the Committee of High-Level Government Experts (CEGAN)" (LC/G.1510(CEG.14/3)). Several other reference documents were also available.
75. The work of the Committee began with the presentation by the ECLAC Secretariat of the document "Restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them" (LC/G.1488(SES.22/3)/Rev.1).
76. The Secretariat representative noted first of all that the prolongation of the crisis had worsened the situation in the countries of the region. Notwithstanding the considerable efforts that had been made, which were reflected in huge transfers of resources abroad, by the beginning of 1988 the problems of unemployment, income distribution, poverty, fiscal deficit, inflation and indebtedness that had existed when the crisis began still persisted or had got worse. It was therefore absolutely essential to evaluate the obstacles to growth facing the region which had still not been solved even though widely differing types of policies had been tried.
77. Foremost among the obstacles which hindered or impeded growth were the new forms of external restriction, the deterioration of the development potential, the weakening of the integration processes, the reduction of the financial and operational capacity of the State, and the limitations on the capacity to govern.
78. In the face of those obstacles, methods of adaptation had been applied whose prolongation was accentuating the present problems. In order to generate trade surpluses, the real exchange rate had been raised and domestic demand and real wages had been restricted, precisely at a time when real interest rates were far above their historical levels. The competitiveness achieved by those means was tenuous, and as long as productivity did not increase, further sacrifices might become necessary to face up to the growing international competition.
79. Furthermore, as the unemployment problem worsened, a part of the labour force had had to shift to less productive jobs, which had led to the creation of an employment structure and a level of product per employee characterized by increasing heterogeneity and more regressive income distribution.
80. After identifying the obstacles to growth and the ways in which the economies had tried to adapt, the Secretariat representative analysed the outlook for medium-term growth, describing the international panorama on which the prospective planning exercises were based, the different balance-of-payments situations faced by the countries of the region, and the

scenario of partial easing of the external constraints which had been selected as the basis of the analysis.

81. Despite the relative optimism of some of the basic assumptions made in that analysis, the conclusions drawn from it showed that even in 1992 most countries still would not have recovered their 1980 level of per capita product and that the problems of unemployment, income distribution and development potential would still not have been satisfactorily solved.

82. Consequently, an alternative development scenario had been defined which contemplated a solution to the debt problem, a new form of international trade insertion based on a transformation of production incorporating technical progress at a more dynamic rate, and the reinforcement of equity.

83. In order for that scenario to become a reality it would be necessary to initiate a set of measures designed both to improve the external environment and to modify domestic economic policies.

84. Among the first of those measures, the most significant, on account of its considerable and varied beneficial effects, would be the reduction of the transfer of financial resources abroad. That transfer had sharply restricted economic growth by reducing the proportion of domestic saving available to finance investment, restricting import capacity and helping to accentuate inflationary pressures. Hence there was an urgent need to diminish such transfers, either by increasing net external financing or by reducing interest payments.

85. He emphasized, however, that although it was undoubtedly very necessary, reduction of the transfer of resources was not in itself sufficient to achieve a process of sustained growth. In order to do so, it was also necessary to make major changes in a number of domestic economic policies and processes.

86. One of those changes was the transformation of the economy called for by the current rapid rate of technological change. It was vital to increase international competitiveness by creating new comparative advantages based, inter alia, on the rapid absorption of technical progress and constant retraining of the labour force.

87. A second domestic requirement was the adoption of policies designed to bring about more equitable distribution of the fruits of economic growth, to increase equality of opportunities and to diminish poverty. That required changes aimed at reducing the concentration of productive assets and mitigating the sharp differences of productivity existing both between and within sectors at the present time. In order to progress more speedily towards the construction of more equitable societies, it was necessary to secure better integration of social policies with macroeconomic policies, to increase and redirect social expenditure, and to set up emergency employment programmes.

88. Thirdly, it was necessary to restore certain fundamental macroeconomic equilibria, and in particular to reduce inflation, which had speeded up and become generalized throughout the region in recent years, hampering the formulation and implementation of development policies and strategies. To

that end it was necessary to combine measures designed to reduce or eliminate the inertia factor of inflation with others aimed at restoring the fundamental equilibria.

89. Finally, he emphasized the decisive contribution which regional integration and co-operation could make to sustained growth. It was not just a question of restoring intra-regional trade, but involved something of still greater significance, namely, establishing new forms of co-operation in productive activities and in science and technology where considerable economies of scale existed and where concerting the efforts of two or more countries could produce positive results within relatively short periods. Closer regional co-operation would also help to strengthen the international bargaining power of the countries of Latin America and the Caribbean in the trade and financial spheres.

90. Following the presentation by the Secretariat, the delegations expressed their views, which are set out below in the order in which the countries first took the floor.

91. The representative of Jamaica expressed his agreement with the diagnosis set out in the document, and especially with the way it dealt with the external and domestic aspects of the present crisis. He underscored the importance, when formulating development strategies, of devoting particular attention to domestic aspects, so as to avoid exacerbating the present disequilibria and inequalities. In that respect he cited agrarian reform as one example of a policy combining concern for growth with considerations of equity.

92. With regard to the problem of the transfer of resources to the exterior, he noted that the debt was good business for the international banking system, which had no incentive to alter the existing situation. He also referred to the unofficial transfer of funds and said that countries needed to take decisive action to tackle that problem, as well as that of the reluctance to invest money in the developing countries.

93. The representative of Mexico said that the problem of the external debt and its servicing needed to be resolved as soon as possible, because it exerted a very strong influence on the behaviour of the set of external and domestic variables which affected the economic and social development prospects of Latin America and the Caribbean. That was of course not the only problem that was restricting the sustained development of the region, and what was needed was a comprehensive and global approach in order to accelerate the process of growth in Latin America.

94. In that connection, he recalled the proposals made by President Miguel de la Madrid of Mexico at the Special Conference of ECLAC held in January 1987 in Mexico City. On that occasion, the President had proposed 10 topics for reflection which could help to make up a New Agenda for Latin American and Caribbean Development. In the view of the Mexican delegation, significant progress had been made during the past year in the areas proposed by President de la Madrid, and the documentation submitted by the Secretariat represented a substantial effort, which reflected a thorough analysis of the suggested topics for reflection.

95. The representative of Mexico said that the present economic and social circumstances of Latin America and the Caribbean were extremely serious and that the existing forecasts regarding the probable growth trends of the countries of the region in the coming years gave few grounds for optimism. In that connection he mentioned the constraints due to the oppressive servicing of the Latin American external debt and the negative capital transfer associated with it.

96. He also said that solutions to the problem of Latin America's external debt needed to be flexibly negotiated between creditors and debtors, seeking pliant alternatives which should not merely be those determined by the autonomous operation of the international capital markets.

97. Finally, he noted that the adjustment policies implemented by the countries of the region would need to be altered as the prevailing circumstances changed, bearing in mind at the same time that a fundamental requirement for that was full consideration of medium and long-term strategic economic and social variables.

98. The representative of Peru stated that the declaration recently adopted at the fourteenth session of CEGAN faithfully reflected the position of Latin America and the Caribbean. She noted that the summary of the debates given in the report of that session included additional comments by the Peruvian delegation on the document submitted by the Secretariat.

99. She said that, as a guideline for future studies by ECLAC, particular attention should be devoted to the situation of the medium-sized and small countries most affected by the crisis and to the options for easing the restrictions on development currently affecting them. Intra-sectoral differences and specific geographical differences within nations should also be studied more closely. Furthermore, analysis of the region's development process should incorporate those features specific to the social dimension, in order to achieve a comprehensive vision of the process as a whole.

100. The representative of Guatemala expressed concern over the effects of the crisis on the smaller economies. Referring to the adjustment process in various countries, he noted that while the great majority of the people in them had suffered a decline in their real income, there were sectors which had been favoured, including in particular the financial sector of the economy. There had been a decline in the resources available to the State sector for financing the projects needed to transform and modernize the economies of the countries and make them more competitive. In that connection, he expressed the view that the most favoured sectors should share in the costs of the adjustment process and in particular should contribute to the savings and investment necessary for growth, development and the transformation of production. However, because the resources obtained in that way would still be insufficient, greater external co-operation was also necessary.

101. The representative of Brazil concurred with the diagnostic study presented by the Secretariat and, in particular, with the emphasis it placed on the constraints on economic growth. Latin America was experiencing a structural crisis whose solution required not only short-term adjustments but, above all, medium- and long-term strategies. In that regard, he stressed

the need to continue the search for new directions for the future of the region. Although the countries of the region had no control over the factors that determined the external situation, they were nevertheless capable of acting with greater autonomy in other fields, such as Latin American integration, which should be the object of more extensive and in-depth studies with a view to making them fundamental elements of a development strategy for Latin America.

102. Moreover, in view of the severity of the current external restrictions, a lasting solution to the crisis called for a considerable effort to strengthen international co-operation, which had been severely eroded in recent years.

103. The countries of Latin America had assumed their responsibilities and continued to carry out major and costly processes of adjustment. However, in an interdependent world, adjustments in the economies of the developing countries could not bring about the expected results if the economies of the developed countries were not adjusted at the same time. The latter had not been done, as could be seen from the current sizeable trade and fiscal deficits in some developed countries and from the marked instability of exchange and interest rates. In that regard, a higher level of multilateral co-operation would reinforce the action of multilateral bodies such as ECLAC. He therefore called for a vote of confidence in the Commission in order to underscore the desire to strengthen multilateralism.

104. The representative of Canada said that the analysis of the specific problems of the region, as well as its prospects for the future, had to be viewed in the light of the far-reaching developments taking place in the world economy. A combination of factors, and in particular the impact of continuing technological change, were forcing structural transformation in both developed and developing countries alike. The objectives of growth and development could best be met through adopting internal measures and policies and through greater international economic co-operation. In that respect the Canadian government attached fundamental importance to the trade liberalization negotiations undertaken in the Uruguay Round.

105. He acknowledged the seriousness of the debt problem in terms of international trade and financial flows and in terms of the high social, economic and political cost to the debtor countries, but noted that through the international debt management strategy (which Canada fully supported), together with internal adjustment measures, policies designed to attract and facilitate foreign investment, increased availability of funds from international financial institutions and the better conditions achieved in direct negotiation with creditor banks, a synergic effect could be created which, in due course, would arrest the relative growth of debt and restore financial flows.

106. The representative of Cuba said that the main problems to be resolved in seeking a solution to the crisis affecting the countries of Latin America and the Caribbean were on the external level, and among them, the debt problem was crucial. Even if the debt were written off, that in itself would not be sufficient to overcome the crisis, since what was needed was fundamental change in the existing international economic relations. In that regard, he stressed the urgent need to implement the New International Economic Order, to

put an end to the increasing protectionism of the developed countries, to reduce the current high international interest rates, and to redress the inequality in the trade between the developed and developing countries.

107. It was absolutely vital to speed up the process of Latin American integration. Furthermore, domestic structural changes in the countries of the region should be sovereignly decided, without foreign interference that prejudiced the interests of the peoples but instead seeking national unity in the different countries, using for that purpose the opportunities created by the formulation and implementation of integral development plans with the indispensable participation of the people.

108. The representative of Venezuela said that although the Secretariat document gave considerable prominence to the external restrictions and the need to service the debt, it did not lay sufficient emphasis on the role played by the growing protectionism practised in the developed countries and on the qualitative and quantitative changes in the financial markets. Those factors were important not only because they constituted obstacles to development but also because they affected the way in which solutions should be tackled. In that connection, he said that the principle of equity referred to in the document should also be extended to the international level. He added that his country had made a great effort to introduce reforms in its economy. Full servicing of the debt and even its partial amortization had been an integral part of that process. However, the creditors had not responded with the amount of financing the country required. Finally, he noted that any solution to the debt problem must be considered in a wider context which included other issues, such as the question of trade, for example.

109. The representative of Colombia said that it was the social sectors (especially education, health and housing) which had had to make the greatest sacrifices during the prolonged adjustment process, in the form of major reductions in their levels of activity. Furthermore, in those sectors the adjustment had not been even-handed in the developed and developing economies, since it had been notably greater in the latter. The effort to achieve future growth should be designed with a view to the rapid incorporation of the marginalized social forces into the production process.

110. The representative of Antigua and Barbuda said that his country agreed with the views expressed in the Secretariat document but that it should have paid more attention to the special problems of small island States. Foremost among such problems were those deriving from the very small area and population, from the lack of natural and financial resources and from the fact of being open economies. Because of the latter factor it was difficult to apply a monetary policy with even minimal autonomy, and that increased those countries' vulnerability to external factors. He also raised the question of graduation in regard to small island States, saying that per capita GDP was inadequate for determining their eligibility for soft-term loans, and wondered where the small island States would graduate to, given their inability to attract funds on the international market. Finally, he expressed agreement with the recommendations contained in the Secretariat document, and among them stressed the importance of regional economic integration, to which end obstacles to trade should be removed.

111. The representative of the United States said that his country was working in all international forums to construct a more dynamic and sounder world economy. For six consecutive years the economies of the OECD countries had experienced a period of growth without precedent in the postwar period. He acknowledged that financial resources from the commercial banks to the developing countries had not attained the desired levels, but he expressed the hope that the situation would improve. Among the positive measures taken he highlighted the proposal to increase the capital of the World Bank by US\$74.8 billion, the new programme adopted by the same institution with a view to providing political risk insurance for direct foreign investment in the developing countries, the agreement to increase the coverage of the IMF's contingency financing, and the extension of the time horizon of its adjustment programmes.

112. While he recognized that the external environment could provide a sounder basis for the adjustment and development of the countries of Latin America, he said that the document submitted by the Secretariat gave excessive attention to external factors, to the detriment of the analysis of domestic economic policy. He expressed the view that those countries which adopted appropriate policies grew, and those which lacked such policies did not, hence the importance of carrying out appropriate economic reforms. Many governments acknowledged the need to implement such reforms, and indeed a number of them were successfully doing so. The Secretariat document should better reflect that concern.

113. He expressed his satisfaction with the presentation made by the Secretariat regarding the link between debt servicing and such phenomena as the adjustment, monetary expansion, inflation, and others. He also acknowledged that the concept of the negative transfer of resources could be a useful analytical tool, and said that the question of fresh financial resources raised in the document was a central component of the international strategy to deal with the debt problem. Without adequate funding it was impossible to sustain the adjustment process and to achieve adequate growth of the Latin American economies. In respect of the negative transfer of resources, he said that taking a more disaggregated view than that covering the region as a whole would reveal that in a considerable number of countries the transfer had been positive; he also noted that the transfer was tending to diminish, both in absolute dollar terms and as a percentage of gross domestic product.

114. He went on to say that the issue of trade flows deserved greater attention from the Secretariat. He emphasized that the bulk of the trade deficit of the OECD countries with Latin America corresponded to the United States, a factor which he attributed to that nation's effort to maintain its markets open.

115. He expressed his country's commitment to supporting the moves made by GATT to liberalize international trade. He remarked, however, that the developing countries also needed to liberalize their economies, as trade restrictions would have an adverse impact on their economic development process.

116. He also observed that the international strategy to deal with the external debt problem was showing signs of concrete progress. In recent years the countries of Latin America had experienced growth, with an expansion of their exports, a reduction in their balance-of-payments current account deficits, and greater control over capital flight, including in some cases even the partial repatriation of funds. Finally, he expressed the opinion that the international strategy in respect of the external debt problem had successfully adapted to changes in the circumstances of the debtors and would continue to do so. In that respect, he highlighted the development of the so-called "market menu" as a step towards satisfying the requirements of both debtors and creditors. He also stressed that those mechanisms should operate through voluntary actions based in the private market.

117. The representative of Saint Vincent and the Grenadines supported the views expressed by the representative of Antigua and Barbuda concerning the economic situation of small island countries and also referred to the vulnerability of those economies to natural disasters and to sudden changes in the international environment. Although domestic efforts such as agrarian reform and the diversification and increase of production were being made, the limited financial resources made it difficult to retain the human resources that were crucial to development.

118. Improving that situation required greater intra-regional and subregional co-operation, such as that being carried out within the framework of the Organization of Eastern Caribbean States (OECS), which viewed political integration as a solution to some of its problems.

119. The representative concluded by expressing support for the measures aimed at easing the region's debt burden, reducing protectionist barriers to trade, and increasing the flow of resources from multilateral agencies.

120. The representative of Argentina said that the document presented by the Secretariat eloquently described the magnitude of such problems as indebtedness, the transfer of resources, trade, and real interest rates. It was necessary to take into account the time horizons needed to resolve those problems before they reached unmanageable proportions. It was also necessary to accept the premises presented in the document and, on that basis, to determine the efforts which the countries—both developed and developing—should make in order to find proper solutions.

121. The representative of Nicaragua remarked on the excellent quality of the document produced by the Secretariat, saying it represented a significant advance in the efforts to describe the restrictions on the sustained development of the region. In that respect, he made some observations on the situation in the Central American subregion, which was experiencing its own particular difficulties. In the first place, the political crisis had done much to disrupt the economy, owing, inter alia, to the displacement of the labour force, while the predicament of the refugees, who had abandoned their productive activities, had further aggravated the economic problems of the subregion. In that connection, he indicated that a process of de-industrialization had occurred and there was a certain amount of obsolescence to be observed in the industrial plant, which called for urgent

attention. Owing to the foreign exchange crisis, investments in those areas had had to be postponed.

122. In spite of that situation, however, the Central American Bank for Economic Integration (BCIE) had succeeded in continuing to play an active role in the integration process. The BCIE had invited the international community to participate, as members, in the expansion of its capital. He noted in that connection that more effective support could be given to the BCIE by other multilateral finance institutions, especially IDB. In that respect, he said that the Central American countries were disappointed that it had proved impossible to complete the negotiations for the replenishment of the IDB's resources, which had already been under way for over two years without success. He expressed the hope that the World Bank's capital would be increased, although he reminded participants that sometimes World Bank loans were made on terms which demanded domestic policies not all countries were able to adopt. If the needs of the region were to be met with the urgency called for by the situation, the countries must be able to obtain funds on more flexible terms, as happened in the case of some of the resources available from the Inter-American Development Bank.

123. He mentioned how important it was that the international community should participate more extensively in the economic and financial assistance granted to the Central American subregion under the Special Plan of Co-operation formulated in accordance with United Nations General Assembly resolution 42/204.

124. With regard to his own country, he said it was suffering the effects of the isolation imposed on it in the financial institutions for political reasons. The people of Nicaragua were paying a very high price for upholding the principle of the sovereign right of every nation to adopt the economic model it desired. Nicaragua's situation was dramatic in that, in addition to the restrictions on growth which it shared with all the other countries of the region, it was feeling the effects of other phenomena --well known to all-- which were outside its control.

125. The representative of Spain, speaking on behalf of the countries of the European Economic Community which were also members of ECLAC, referred to the intensive work accomplished by the Commission, which was celebrating its fortieth anniversary during the current session and had come to be one of the most important forums in the United Nations system.

126. Thanks to the painstaking work performed by its successive Executive Secretaries and by the Secretariat itself, it had been able to lay a solid foundation on which to build up its prestige and reputation for seriousness. Not only had its activities helped to enrich economic thinking and provided criteria for tackling the difficult problems associated with regional development, but they had also given impetus to the ideal of co-operation and integration so necessary in tackling the grave issues now faced by the region.

127. The Secretariat had made a number of useful recommendations in which the economic development of the region was viewed in an innovative manner, taking account not only of the external context and internal restrictions, but also the difficulties caused by the need to service the debt.

128. The countries of the European Economic Community agreed with the Secretariat that economic diversification was a priority requirement for the region's attainment of sustained growth and that integration would promote a greater opening-up of international trade. The realization of those goals would be an important factor in attracting the kind of private foreign investment which would generate foreign currency and the transmission of technology and revive interest in the region's immense long-term development potential. He felt that the Secretariat should give special attention to private foreign investment in its future work.

129. He recognized that the obligation to service the debt had drained the economic resources of the countries of the region and had been a factor in its impoverishment.

130. He noted that the countries of the Community which were members of ECLAC were in full agreement with the Secretariat in respect of the urgent need of the Latin American and Caribbean countries to have access to external financing to supplement their very considerable adjustment efforts.

131. In that connection, he said that the countries of the Community felt that the international financial institutions should play a leading role in the quest for solutions and had supported the proposal for a general increase in the World Bank's resources. They also viewed as a positive development the various voluntary agreements reached between some debtor countries and the commercial banks with a view to lightening the debt burden. Moreover, they recognized the principle of co-responsibility and believed that the best way to find solutions to debt-related problems was through constructive negotiation and mutual understanding between each of the countries of the region and its public and private creditors.

132. He concluded by saying that the European Economic Community and its member States recognized the vital importance of the Latin American and Caribbean region and had together expressed their willingness to engage in political and economic co-operation in the resolution adopted by the Council of Ministers in June 1987 in the course of the Ministerial Conference in which the EEC and Central America had participated. Those ideas had been reiterated and reinforced at the recent meeting held with the member countries of the Andean Pact.

133. The representative of France said that the Secretariat document on the internal and external restrictions on development in the region was interesting but she pointed out that a more balanced assessment of the internal economic situation should be made. The developed countries had recorded continuous growth in recent years but that had not been enough to ensure lasting growth and find a solution to the serious debt problems of the developing countries. She recalled the efforts that had already been made to co-ordinate economic policies and concurred with the Secretariat's view that the correction of the major imbalances was still very slow. She added that the Secretariat document did not emphasize enough the efforts made bilaterally by the creditors (US\$22 billion of public or State-guaranteed credits had been consolidated in the Paris Club in 1987) and through the multilateral financial institutions.

134. With respect to the adjustment policies applied in the debtor developing countries, she felt that while they might have had recessionary effects in many cases, the positive results of the reduction in the payments deficits and the resumption of growth in all the developing countries recorded since 1985 should also be stressed.

135. She said that the simulation exercise contained in the second chapter of the document was most interesting, especially the conclusions drawn by the Secretariat concerning the need to restructure the productive apparatus of the countries of the region and to increase regional integration and social equity.

136. She agreed with the idea that the adjustment efforts required by the developing countries could only bear fruit over a sustained period if they were made within the framework of an improved international environment. She did not, however, concur with the Secretariat's view that the flow of resources to the region was unlikely to increase and that priority should therefore be given to the debt servicing question.

137. She noted that in the matter of dealing with the debt, France preferred the approach based on the flow of new financing and supported the debt strategy which had been applied so far. Simultaneously, an effort was being made to implement new initiatives including: a) revitalizing and adapting support for the Bretton Woods institutions; b) improving the world economic climate; c) assisting creditors and debtors in the search for a solution to deal with the problem of the unsecured debt, based on market mechanisms and the diversification of proposals to the commercial banks; d) supporting --in order to assist the poor countries-- the strengthening of the IMF's structural adjustment facility, for which purpose France had been the first country to place extra resources (in the exceptionally high amount of 800 million Special Drawing Rights) at the Fund's disposal; e) ensuring the urgent replenishment of the resources of the Inter-American Development Bank; f) continuing the effort to consolidate maturities in the Paris Club; and g) increasing official development assistance.

138. The representative of Uruguay said that while he recognized that the external restrictions on growth were enormous and long-standing, they should not be allowed to obscure the fact that there were domestic policies which needed to be carried out in any case. Adjustment policies in Latin America had not always been coherent enough to ensure that the desired results were attained, and progress therefore needed to be made in that connection. In his view, even if the external restrictions were not lifted or were not lifted as quickly as necessary, that was no reason why the countries should remain impassive. On the contrary, they should redouble their internal efforts to ensure that their economies operated as effectively as possible.

139. The representative of Chile agreed that the document presented by the Secretariat was extremely useful and positive, despite the difficulty of presenting an overall picture of very different countries. In his view, the document could have placed more emphasis on the need for the countries of the region to carry out domestic adjustments, while taking due account of the importance of external factors in the present economic situation. Moreover, it did not seem advisable for countries to continue to delay the adoption of

coherent and stable macroeconomic policies, since such policies, by helping to reduce the uncertainty within the countries themselves, would attract capital flows from abroad mainly intended for investment in high-competitiveness areas.

140. The representative of the Soviet Union, attending as an observer, stressed the extreme importance of the subject under discussion and drew attention to its global dimensions, which required a corresponding universal approach. Similar problems had been in the centre of the deliberations at recent meetings of the Economic Commission for Africa (ECA) and the Economic and Social Commission for Asia and the Pacific (ESCAP). He also recalled relevant resolutions of the United Nations General Assembly and in particular those concerning possible international action relating to a Development Strategy for the 1990s, as well as the different aspects of international economic security. It was clear today that to propose universal goals was not enough. What was needed was an honest, sincere effort to ensure a suitable climate and a proper political, economic and psychological environment in which to achieve such goals. International economic relations should be free from all forms of inequality, discrimination and selfishness. With respect to the generation of resources for development, he said that consideration should be given to those that could be generated through real progress in the disarmament process. Finally, he referred to the revolutionary changes taking place in the economic and social policies of the Soviet Union, which would make it possible to promote more active co-operation by that country with the countries of Latin America and with international organizations.

141. The representative of the United Kingdom recognized the severe problems still affecting the developing countries on account of the external debt burden and agreed that the world economy had not performed as all would have liked. The best way to resolve the debt problem was for all concerned to adopt policies which helped debtor countries to regain their creditworthiness, thus making it possible to return to a more normal pattern and level of capital flows.

142. He believed that there had been a number of positive developments in the economic policies pursued by the industrialized countries, including: the economic policy co-ordination agreements reached over the last few years by the Group of Seven industrialized countries; the commitments undertaken by that group to examine the functioning of the international monetary system; the recognition by the OECD countries of the need to restructure their economies and thereby to increase their potential for growth; the support given by the developed countries to the new round of multilateral trade negotiations; the recent provision of fresh financial resources to the World Bank, and the new facilities of the International Monetary Fund. He stressed the importance of a general capital increase for the Inter-American Development Bank.

143. The representative of the United Kingdom also referred to economic policies which could help the countries of Latin America and the Caribbean to achieve sustained development. Among those policies he made special reference to the need to strengthen macroeconomic management, in particular to reduce fiscal deficits and to promote price stability; diversification away from traditional products; the incorporation of new technologies in production

processes; the creation of a climate favourable to foreign investment; and the provision of a fresh impetus to intra-regional economic integration.

144. He welcomed the courageous economic reform efforts of many of the countries of the region, and said that progress in domestic reforms would help to ease external financial difficulties.

145. Finally, he welcomed the development of a "menu" of options for reducing the debt owed to commercial banks. It was important that banks and debtors should reach voluntary agreements. He emphasized the differences between the situations of the various countries of the region and attached importance to the negotiation of solutions to individual countries' problems.

146. The representative of Trinidad and Tobago began by drawing attention to the significant fact that this session of the Commission was being held in the year during which Brazil was celebrating the centenary of the abolition of slavery, and he recalled in that respect that the ultimate purpose of the Commission's debates was none other than to safeguard the dignity, rights and living standards of all human beings, without exception.

147. In his capacity as representative of the country which had chaired the fourteenth session of the Committee of High-Level Government Experts (CEGAN), he submitted to the consideration of Committee I a Declaration setting out the position of the countries of the region in respect of the issues dealt with by the Secretariat document entitled "Restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them" (LC/G.1488(SES.22/3)/Rev.1). That Declaration had been approved at that meeting for presentation at the twenty-second session of ECLAC. He went on to refer to the various topics dealt with by the Declaration and requested, on behalf of all the countries of Latin America and the Caribbean, that it be included in the report of Committee I.

148. Although some member countries expressed the view that it was inappropriate to include in the report documents on which there was not a consensus, the Chairman, by virtue of the powers invested in him by the Rules of Procedure, and taking into account the request of the representative of Trinidad and Tobago, decided to include in the report the Declaration in question, which reflects the position of the countries of Latin America and the Caribbean:

"1. The development of the countries of Latin America and the Caribbean is still hampered by an adverse international economic situation. On top of the structural nature of the crisis, it is necessary to add its persistence and depth, which stand in the way of the sustained development of the countries of the region, causing the productive capacity to deteriorate steadily, aggravating long-standing economic and social inequalities and widening the gap between the social groups. In this context, the Latin American and Caribbean governments are experiencing increasing difficulties in their struggle to restore or intensify democratic processes. In spite of the huge constraints we are facing, we hereby reiterate our determination to secure sustained development and growth, by seeking new patterns of development and new forms of international insertion.

2. These new forms of international economic insertion of Latin America and the Caribbean are developing within the framework of prolonged and pronounced imbalances in the world economy. This situation has been principally marked by slow and hesitant growth of the industrialized centres and of world trade, by serious macroeconomic disequilibria between these same centres, by the unrelenting and sharp drop in the prices of the commodities and raw materials exported by our countries, by the proliferation of protectionist barriers in the developed countries, the existence of high nominal and real rates of interest, the instability of the foreign-exchange, financial and stock markets, and the shortage of fresh capital resources, in circumstances in which the servicing of our external debt has become extremely burdensome. The fiscal and external disequilibria of the United States, which remain huge, aggravate this situation.

3. Forecasts regarding future trends in the international economy indicate that the panorama of recent years will persist and could even worsen. For this reason, as far as the region is concerned, the assumptions on which the adjustment programmes and policies resulting from a large number of the debt renegotiating agreements were based, and which assumed that the international economy would evolve favourably, have become unrealistic. Moreover such programmes included short- and medium-term conditionalities which have prejudiced development and recovery.

4. The consequences of the international situation have been particularly unfavourable for Latin America and the Caribbean. The external debt cannot be paid on the present terms without sustained economic development. Our countries are unable to continue to subordinate their development to the fulfilment of financial commitments entered into under extremely different external circumstances to those of the present. The impact of servicing the external debt has made economic policy management extremely difficult, narrowing room for manoeuvre and compelling governments to focus their attention on pressing conjunctural problems, to the detriment of a long-term view of the development of their economies. Latin America and the Caribbean has paradoxically become a region which transfers abundant financial resources to the developed countries. Thus, between 1982 and 1987 the volume of this net transfer reached approximately US\$150 billion, on top of the enormous losses of income deriving from the deterioration of the terms of trade.

5. The tremendous internal effort made in order to adjust the economies to a situation which was at first presented as being transitory has been putting our societies in a position where attempts to consolidate and expand democratization processes coexist with a weakening of the capacity for growth, low investment coefficients, stubborn inflationary processes and increasingly adverse social conditions, reflected in a higher level of unemployment and underemployment of the labour force and growing constraints on the supply of social services.

6. In order to surmount the crisis, there is need to remove the many external and internal constraints deriving from the international context and from the present mode of functioning of the Latin American and

Caribbean economies, so that the establishment of the New International Economic Order can no longer be postponed.

7. The starting point in all this is to find a solution to the problem of external indebtedness. In order to do so, it is necessary to adopt not only measures oriented directly towards that objective but also others aimed at achieving the restructuring of the international monetary and financial system and injecting greater dynamism into world trade.

8. The principles of co-responsibility and the right to development have been widely accepted by the international community. This acceptance must, however, be reflected in concrete policies. During the past year new facts and proposals have emerged which, if accompanied by the necessary political will, could perhaps eliminate certain economic and institutional rigidities which still constitute obstacles to exploring medium- and long-term solutions. Among these facts, mention may be made of the clear tendency shown by the market to set a more realistic value on the portfolio of the private banks. Mention should also be made of the acceptance, in some renegotiations, of provisions relating to economic growth targets and contingent financing in the event of changes in external conditions beyond the control of the debtor countries.

9. There is still need, however, to establish effective machinery which, among other things, allows the Latin American and Caribbean countries to benefit from the discounts quoted on the secondary market in connection with the debt. Some examples of such machinery are the expansion of facilities which include the granting of official guarantees for the conversion of part of the debt into bonds. In addition, action must be taken to permit the direct reduction of the interest rates applicable to the debt which already exists, the condonation of the debt in certain circumstances, the expansion of the commitments of the private banks at a rate which is at least the same as that of inflation in the industrialized countries, and greater flexibility of international banking regulations and norms. All this makes the political dialogue between debtor and creditor countries a matter of urgency in the quest for solutions which take into account the interests of the developing countries.

10. It is also vitally important to set up a multilateral international trade system which will guarantee high growth rates and increasing participation by the developing countries in world trade. The Uruguay Round conducted by GATT will prove to be a positive step forward in the search for solutions to some of the problems surrounding international trade if it ensures the confirmation and implementation of the principles of differentiated special treatment and relative reciprocity in favour of the developing countries; the immediate fulfilment of the standstill obligations and commitments to dismantle trade barriers undertaken in the Punta del Este Declaration; as regards a system of safeguards, an adequate solution based on the most-favoured-nation clause, taking fully into account the interests of the developing countries; preferential treatment for agriculture, and the removal of all barriers affecting agricultural trade in accordance with GATT regulations. Finally,

international trade must be expanded and liberalized to allow greater access for our products to markets in developed countries.

11. Together with the above, it is absolutely necessary to restructure the international monetary and financial system in order to correct the serious imbalances which currently exist in the international economy and which have direct repercussions on our prospects for achieving sustained social and economic growth. In order to achieve this goal, we must have, firstly, greater macroeconomic discipline in the developed countries and secondly, mechanisms which would give us some influence on the effects of the economic policies of those countries, especially in relation to exchange rates, interest rates and international liquidity. It is also essential that multilateral financial organizations obtain more resources in order that they may play a more effective role in the development of our region.

12. In addition, the seriousness of the region's balance-of-payments problems requires an immediate expansion of official compensatory finance in order to meet the negative impact of factors such as the deterioration in the terms of trade and the excessively high real rates of interest. In this context, in order to ensure effective channelling of such funds it is necessary to eliminate crossed conditionality, which jeopardizes the development potential and autonomy of our countries.

13. It is, moreover, essential to take into account the particular circumstances of the region's small economies, whose special features --principally reflected in their small economic scale, their openness to the exterior and consequent vulnerability-- render the burden of external restrictions far more oppressive. Consequently, they urgently require assistance in overcoming the obstacles preventing their sustained development through the implementation of mechanisms designed not only to remove artificial barriers which hamper trade, but also to improve access to external financial resources, on concessionary and non-concessionary terms. They also require relief in respect of the servicing of their debt with official agencies, in particular with multilateral agencies which traditionally do not accept rescheduling.

14. The countries of Latin America and the Caribbean bear no responsibility for the deterioration of the international environment, nor are they capable of bringing about any substantial modification thereof. In these circumstances, the region must of necessity assume an active role in order to transform international economic relations, since it is unrealistic to expect the industrialized countries to bring about favourable modifications in the external environment. In order to do so, the region must strengthen its bargaining power vis-à-vis the developed countries in the spheres of trade and finance, intensify regional co-operation and revive domestic markets.

15. As we have frequently repeated, we assume our own responsibilities in the task of overcoming the restrictions on development, which are not only external but also internal. In this respect, it is indispensable to progress towards new forms of national and regional articulation, and to combine the external and internal markets in both sectoral and temporal

terms and to take steps to make them mutually supporting. One of the means of achieving this is macroeconomic policy management. It must be combined with a systematic effort to overcome the institutional, financial and physical restrictions which hamper the transformation of the productive structures. With this aim in mind, it is necessary to undertake measures such as the regulation of the absorption of patterns of consumption which imitate those of the developed countries; the widening of property ownership, together with encouragement for the creation of small and medium-sized enterprises; the expansion of the possibilities for labour to acquire skills; an educational and health system with a broader and more deeply integrated social base, and the encouragement of entrepreneurial capacity.

16. It is also essential to transform the productive structures. In order to do so it is necessary to implement sectoral policies to promote the processing and design of final consumption products which make intensive and rational use of the available natural resources, while taking into account the requirements of international markets; to promote the selective expansion of activities which further sectoral articulation and bring technical progress with them, and to generate and adequately incorporate the so-called "spearhead technologies". Only in this way is it possible to achieve a form of international insertion in which transformation of production goes hand in hand with the incorporation of technical progress and a dynamic expansion of the value of exports. Such a form of insertion will be achieved by increasing external competitiveness through increased productivity.

17. The transformation of the productive structure must be based on equity. It is not possible to advance towards economic modernization by the exclusion of sectors of society and regions, as the ensuing latent tensions lead to uncertainty which, in the final reckoning, jeopardizes such progress. Equity, on the other hand, puts the development process on sound economic, social and political foundations. Consequently concern for equity cannot be left exclusively to the social services; it must be present in all aspects of social and economic policy and linked to broader participation by all sectors of society in decision making.

18. On top of the already existing problems of unsatisfactory income distribution and extreme poverty, the crisis added those of increased unemployment and underemployment, diminished access to social services, the shrinkage of the real wages and levels of consumption of medium- and low-income groups; in general, it reduced the possibilities for social mobility. In order to find a way out of the crisis through development, major efforts will be required, precisely at a time when those social groups which have been most affected are organizing to press their claims, above all within those democratic and pluralistic systems of government which are now in the process of reconstruction or consolidation. These efforts will bear more fruit if the countries of the region are able to rely on national programmes based on sound political and social consultation. The cost of this further effort must of necessity be shared more equitably, as only in this way will it be possible to further the willingness of the mass of the population to undertake long-term action in favour of growth.

19. The set of economic and social measures described above should increase the capacity of governments to cope with inflation, which in many countries has become yet another constraint on sustained growth. With regard to price stabilization policies it is necessary to take steps to simultaneously tackle the above fundamental or structural factors in inflation and the mechanisms by which it spreads.

20. For the purpose of mitigating the adverse effects deriving from the international economy, taking greater advantage of the potential offered by it, and consolidating each country's efforts to overcome the constraints on development, the political will to expand the content and the prospects of integration and regional co-operation is now being built up. The corresponding measures in the spheres of commerce, finance, production, research and technology must be based on the capacity to negotiate with third parties and on the establishment of new relations of interdependence among the countries of the region. Co-operation must also extend to new fields, including health, education, culture and the environment. In those efforts, countries with smaller economies will be given preferential treatment as regards access to regional markets and to the technical co-operation which other countries of Latin America and the Caribbean are in a position to provide.

21. Part of the new integration and co-operation effort referred to above consists in the commitment of the countries of the region to support regional and subregional institutions and bodies; to strengthen the links between them; to expand subregional loan and payments systems; to use the region's purchasing power to improve the access of regional exports to fresh markets; to undertake joint technological development and manpower training projects, including projects to recover highly skilled manpower which has migrated to other countries, and to organize co-operation efforts in specific sectors, such as food supply and services.

22. In adopting this set of policies, the Latin American and Caribbean countries are taking a realistic view of the new international context, acknowledging the serious structural problems in the pattern of development of their economies, which have been made worse by the crisis, and, in the face of the risks of recession, income concentration and authoritarianism, are declaring their choice of development, social equity and democracy."

149. The representative of the United States of America requested that his views on certain items in the foregoing Declaration should be included in the report. These views are given below.

"The debt problems of the heavily indebted countries of the region continue to be of priority concern to all of us. Co-operative efforts focused on achieving stronger, sustained growth through economic reform and adequate international finance remain the only viable and realistic approach for addressing these problems. The international strategy for addressing the debt problems of the heavily indebted countries of Latin America and other regions continues to be based on four fundamental principles: i) the importance of growth in addressing debt; ii) the need

for market-oriented reforms to achieve growth; iii) new debt and equity financing, and return of flight capital to support such reforms, and iv) a case-by-case approach to address individual needs of each debtor country.

"The strategy itself is a dynamic one, providing a general framework for debtor/creditor co-operation which is evolutionary in nature. And while all of us would wish for more progress, the results to date have been greater than generally realized. Many debtor nations have made major efforts to restructure their economies along more market-oriented lines. According to the World Bank, growth in 1987 was in the 4-5% range or higher for 8 of the 15 major debtors. Export earnings rose sharply last year; imports have increased; and debt service ratios have fallen. While growth in a few countries faltered last year, adoption of appropriate policy reforms should enable stronger, sustained growth in the period ahead.

"The development of a "menu" approach to commercial bank financing packages provides additional flexibility for both new financing flows and new debt conversion techniques. The conversion of existing loan obligations into other instruments voluntarily and at mutually satisfactory prices, in an effort to reduce the level of outstanding debt, can make an important contribution --as we have seen with debt/equity swaps, debt/conversion swaps, and securitization of commercial bank debt.

"The General Capital Increase for the World Bank will position the Bank to maintain its strong support for debtor reforms. The World Bank and the IMF can continue to work with debtor nations to reduce fiscal deficits, control inflation, boost domestic savings and investment, and attract both foreign equity and reflows of flight capital. Most important, their encouragement for sound economic policies will serve to catalyze private flows of capital.

"We recognize that resolution of the debt problems will take time and the patient and determined effort of all. Clearly, the adjustment efforts of many countries reflect courageous determination and in many cases have resulted in difficult social costs. We all have an important role to play in addressing these social costs while working toward progress under the debt strategy. The evolutionary approach we are following provides the only realistic framework for addressing the debt problems over time and returning the countries of Latin America to economic vitality.

"What are some of the policies that are associated with sustained economic growth?

"Market exchange rates have to be maintained. Too often, nations have maintained overvalued currencies. This has stimulated their imports and made their exports higher priced and less competitive and has generally contributed to lack of confidence and to capital flight. Furthermore, overvalued exchange rates in many countries were sustained by barriers to trade and unsustainable levels of borrowing.

"General price inflation has to be brought under control in conjunction with sound monetary and fiscal policies. It is clear that inflation inevitably leads to economic disruption and to problems of confidence, to lack of investment and savings, and to capital flight.

"A freer trade policy has to be established. Our common interests are at stake in the GATT Round. Clearly, developed countries have a responsibility to lead efforts worldwide to liberalize trade. However, developing countries must also assume greater responsibilities that match their growing importance in the world economy. In this context, we believe that trade restrictions that try to address balance-of-payments problems actually damage developing economies in the long run. GATT rules in this area should be reviewed and revised.

"True economic incentives must be created by allowing the price mechanism to function. In many countries there has been extensive use of price controls, often in the presumed interest of low-income groups. A typical example is the control of the price of an agricultural commodity. The result has often been a shift in production toward other crops with higher market prices and serious shortages in the goods whose prices were controlled. In many cases, this has led to serious declines in national food supply, creation of a black market, and general inefficiencies which have hurt living standards.

"The above-mentioned policy areas imply an important role for government, but in general they also entail a lessening of the size of government and of the level of government interference in the economy.

"Governments should promote private sector development and competition and restrict the market power of cartels and monopolies, many of which have been encouraged or supported by special incentives. Many public sector activities should be transferred to the private sector.

"Governments should avoid harmful distortionary effects of taxation, which generally occur where overall tax rates are high and taxation varies greatly on similar products or on different uses of the same factors of production.

"Many public sector enterprises, such as public utilities and public transportation services (which might plausibly be provided by the private sector), should charge prices that more accurately reflect the cost of goods and services.

"It is clear that the developed countries have shared a responsibility to support the implementation of policies which provide a strong macroeconomic and structural basis for economic growth in developing countries. Because the reform process often hits the poor hardest, special assistance for the poor is not only a moral imperative, but also consistent with greater overall growth in the economy. Developed countries can provide assistance to help ease the transitional effects of adjustment programmes through food distribution, health services, education, and other programmes of special importance to the poor.

"Maintaining open markets to facilitate developing country exports is another important contribution of developed countries. A look at trends in Latin America's trade during the 1980s demonstrates the U.S. contribution to the development of exports from the region. During the decade, Latin American exporters increasingly have turned to the U.S. market. As a group, the industrialized countries moved from a US\$1.5 billion trade surplus with Latin America in 1981 to a US\$15 billion trade deficit in 1986. The United States alone accounted for 87% of this deficit in 1986.

"Conclusion: The return of the Latin American and Caribbean region to a position of dynamic economic and social development remains a priority and the shared responsibility of developed and developing countries alike. In particular, we recognize at this critical time the need to maintain an adequate flow of capital to the region to support comprehensive programmes of economic reform being undertaken by the countries themselves. The exchange of views and ideas in international arenas such as the Economic Commission for Latin America and the Caribbean remains an essential aspect of continuing efforts to develop an environment which will support economic prosperity and social dignity throughout the region.

"We appreciate the opportunity to have presented our views to the distinguished delegations present at this session of ECLAC."

150. The EEC countries which are members of ECLAC requested the inclusion in the report of the Committee of the following text:

"The EEC countries which are members of ECLAC have already expressed their interest in and understanding of the problems faced by the countries of this region, as well as their will to work together to find mutually agreed solutions. The Declaration of the Latin American and Caribbean Countries, which presents the region's position on these problems, contains some positive aspects. However, there are some views expressed which we do not share. We stress again the importance of making full use of this multilateral institution to seek solutions to the region's problems in a stable and democratic framework through constructive dialogue and objective analysis."

151. The delegation of Canada, for its part, requested the inclusion in the report of the Committee of the following text:

"The delegation of Canada notes the Declaration of the countries of Latin America and the Caribbean. As expressed in the deliberations of Committee I, it shares many of the concerns arising from large debt burdens, extended periods of adjustment and developments in the international economy which have had a negative effect for the region. The delegation supports fully the goals of internal economic reform, greater equity and regional economic integration. The delegation differs, however, in a number of respects with the statement and in this connection wishes to recall the following: i) the progress being made through international economic co-operation in order to deal with the problems of global imbalances and to maintain and develop a healthy

international economy; ii) the importance of maintaining and strengthening the adjustment process in order to build the international confidence necessary to generate new investment and capital inflows; iii) the steps being taken in multilateral institutions to facilitate the process of adjustment through additional financing, and iv) the efforts undertaken within the context of the international debt strategy reflecting the constructive approach of debtors and creditors alike and leading to an improvement of the debt situation and financial flows."

152. The delegation of Brazil, speaking on behalf of all the countries of Latin America and the Caribbean, requested the inclusion in the report of Committee I of the following Communiqué on the Fortieth Anniversary of the Economic Commission for Latin America and the Caribbean, adopted by the Committee of High-Level Governments Experts (CEGAN) at its fourteenth session:

"1. On the occasion of the fortieth anniversary of the creation of the Commission, the countries of Latin America and the Caribbean hereby express their recognition for the extremely valuable work performed by the Commission during the years of its existence. Because of the efforts made by ECLAC to give a proper interpretation of the economic problems of the region and present the alternatives available to it for overcoming them, it became possible to create and disseminate a new mode of economic thought concerning the development of the countries of Latin America and the Caribbean.

2. In 1948, when the Commission was created, the United Nations Economic and Social Council endowed it with terms of reference calling upon it to promote the participation of the countries of the region in measures for dealing with urgent economic problems and for raising the level of economic activity in Latin America and maintaining and strengthening the economic relations of the Latin American countries both among themselves and with other countries of the world. The Commission has remained ever faithful to the spirit of those terms of reference.

3. In the Economic Survey of 1949, the Commission was already capable of presenting a new way of interpreting our economic development process. In that Survey it was affirmed that the imbalances and disparities which we were experiencing were due to the mode of insertion of our economies in the international context. The "centre-periphery" concept explained underdevelopment on the basis of the creation and dissemination of technical progress in the world economy, thereby reflecting, from the outset, an approach in which responsibilities were shared for the solution of the region's most urgent problems.

4. In subsequent years, the work of ECLAC was strengthened and expanded in a quest for alternative policies which might provide ways of overcoming external and internal constraints to growth. As a forum for economic debate in the region, the Commission was able to make enormously important proposals to its members regarding such issues as the incorporation of technical progress into development through industrialization; planning the activities of the State as an agent for inducing and rationalizing development; the structural origin of inflation, and insufficient growth dynamics and their consequences for

the level of employment. The proposals made by the Commission were considered in conjunction with the economic objectives of the countries, at times becoming the backbone of the economic debate and the kingpin in the adoption of concrete measures.

5. Increased understanding of the region, to which ECLAC has contributed so much, has allowed us to form new regional concepts of development. In that connection, particular mention should be made of the country studies, the analyses of the international economic situation and its impact on the development of the countries of the region, and training and advisory service activities.

6. ECLAC has also made a distinguished contribution to intra-regional co-operation. In the 1950s it succeeded in consolidating studies on the great tasks of regional economic integration, which culminated in the creation of the Central American Common Market and later of the Latin American Free Trade Association (LAFTA), which has since become the Latin American Integration Association (ALADI).

7. Other studies, which laid the groundwork for the regional positions on international trade and which were carried out thanks to the tenacious and creative work of Raúl Prebisch, decisively influenced the creation of the United Nations Conference on Trade and Development (UNCTAD), setting the pattern for the formulation and dissemination of ideas relating to the New International Economic Order.

8. Another inestimable contribution to Latin American thought may be found in the pioneer studies in which the Commission strove to incorporate the social dimension into development concerns. Those studies initiated the treatment of the question of equity —one of the Commission's abiding concerns over the past 40 years. The Commission has constantly and insistently warned that the development process must of necessity guarantee to the masses of the population full access to the fruits of development. Stress must be laid on the tremendous significance of that message, especially in view of the difficulties now being encountered, which have led to a marked deterioration in the social conditions of the region.

9. More recently, since the 1970s, the Commission has incorporated another great topic of concern, which has been the subject of a succession of reports by the Secretariat. This is the vulnerability of a type of growth based on a continuous flow of external resources, which from very early on was the subject of warnings from ECLAC. The rapid evolution of the size of the region's external debt obliged the Commission to redouble its efforts to keep its member governments informed and to promote the quest for fair solutions which can make access to development possible.

10. Today, we have pleasure in paying homage to Dr. Raúl Prebisch, the creator and inspirer of the thinking of ECLAC, as well as to the other illustrious Latin Americans who have occupied the post of Executive Secretary of the Commission, and in acknowledging the role the Commission has played in conceiving truly Latin American interpretations

and policies. On the threshold of the 1990s, the international economic crisis has raised problems which make the thinking of ECLAC more relevant than ever. Once again the Commission will have to dedicate itself to the task of interpreting the changes taking place in the international economy and their projection and articulation in respect of the countries of Latin America and the Caribbean, mapping out the quest for alternative strategies of change to bring about dynamic, equitable development under external circumstances which may be even more difficult than in the past. We hereby reiterate our confidence that the Commission will rise to meet those new challenges."

Approval of the report of the Committee

153. On concluding its work, the Committee approved the foregoing report for submission to the Plenary.

b) Report of Committee II

154. Committee II met on 21, 22 and 25 April 1988 to consider items 5, 6, 7 and 8 b) of the agenda of the twenty-second session. The presiding Officers of the Committee were as follows:

<u>Chairman:</u>	Uruguay
<u>First Vice-Chairman:</u>	Jamaica
<u>Second Vice-Chairman:</u>	Bolivia
<u>Third Vice-Chairman:</u>	Ecuador
<u>Rapporteur:</u>	Nicaragua

155. The Committee had the following working documents before it in its deliberations: "Report of the work of the Commission since April 1986" (LC/G.1508(SES.22/5)); "Draft programme of work of the ECLAC system, 1990-1991" (LC/G.1506(SES.22/6)); "Programme performance report of ECLAC for the biennium 1986-1987. Note by the Secretariat" (LC/G.1514(SES.22/14)); "Report on the activities of the Latin American Demographic Centre (CELADE), 1986-1987" (LC/G.1494(SES.22/8)); "ILPES: New operational bases, and summary of activities 1986-1987" (LC/G.1509(SES.22/9)); "Proposed calendar of conferences of ECLAC for the period 1988-1990. Note by the Secretariat" (LC/G.1499(SES.22/4)); "Some recent resolutions and decisions adopted by United Nations organs which require to be brought to the attention of the Commission" (LC/G.1516(SES.22/16)); "Preparation of the new International Development Strategy for the Fourth United Nations Development Decade. Note by the Secretariat" (LC/G.1517(SES.22/17)).

156. The Committee also had available reference documents, in particular the reports of the Special Session of ECLAC (Mexico City, January 1987), of the nineteenth session of the Committee of the Whole, and of the meetings of auxiliary bodies sponsored by ECLAC.*/

*/ See document LC/G.1507(SES.22/2)/Rev.1.

Meetings of auxiliary bodies, and regional meetings sponsored by ECLAC in preparation for United Nations world conferences: conclusions and recommendations (agenda item 5)

Other activities of the ECLAC system since the twenty-first session, and programme of work of the Commission for the biennium 1990-1991 (agenda item 6)

157. At the commencement of the deliberations of the Committee, the Executive Secretary of ECLAC presented agenda item 5 together with the first part of agenda item 6. He described the activities carried out by the Secretariat since the twenty-first session in April 1986 and reported on the results of the Special Session of ECLAC, held in January 1987, and of the nineteenth session of the Committee of the Whole, held in August of that same year. He also referred to the principal meetings of the auxiliary bodies of ECLAC and to the seventh meeting of the Presiding Officers of the Regional Conference on the Integration of Women into the Economic and Social Development of Latin America and the Caribbean (Mexico City, 30 October 1987).

158. He summarized the various programme activities executed during the biennium, underscoring their interdisciplinary nature and noting that the fulfilment of the mandates of the General Assembly had required a considerable effort on the part of the Secretariat, which had had to absorb the effects of an increase in the percentage of vacant posts from less than 10% in early 1986 to nearly 30% at the end of the period under review.

159. After listening to the presentation by the Executive Secretary, the Committee adopted by consensus the "Report of the work of the Commission since April 1986", contained in document LC/G.1508 (SES.22/5).

160. The Committee next considered the "Draft programme of work of the ECLAC system, 1990-1991", contained in document LC/G.1506 (SES.22/6).

161. The representative of the Secretariat described the general aspects of and the background to the draft programme of work, which consisted of 14 programmes, subdivided into 38 subprogrammes, which in turn comprised 118 programme elements. He briefly described the main elements of the integrated programme cycle of the United Nations, and referred to the medium-term six-year plan, which covered under its programmes all the activities on a sectoral basis (for example, industrial development or statistics). The subprogramme was the unit which translated the legislative mandates into strategies aimed at achieving the objectives which the Secretariat should pursue in support of the member countries. He added that, within the framework of those strategies, each subprogramme of the draft programme of work presented to the Committee contained a set of elements that grouped together related activities. That information was subsequently complemented with the relevant financial data, for the purpose of the submission of the programme budget for 1990-1991 to the General Assembly through the respective specialized committees. In addition, he referred to the periodic reports on programme implementation and to the selective evaluation carried out in respect of certain subprogrammes.

162. The representative of the Secretariat then gave an overall presentation of the 14 programmes included in the "Draft Programme of Work of the ECLAC

system, 1990-1991", noting that the Secretariat attached particular importance to the present stage of consideration of the proposals, which had been drawn up taking into account the experience and recommendations of the member countries gathered through missions, meetings of expert groups, and also, on a considerable number of occasions, in the course of the execution of projects and operational activities.

163. He gave a brief review of the extraordinary financial rationalization measures taken in compliance with General Assembly resolution 41/213 and mentioned in particular the as yet tentative results of the 15% reduction in posts, as well as the initiatives taken by the Secretariat to secure extra-budgetary funds in order to offset the diminution of the regular funds available. Finally he noted that the draft programme of work also covered ILPES and CELADE, which operated as autonomous bodies within the ECLAC system.

164. With regard to the overall aspects of the programme of work and the presentation made by the Executive Secretary, one representative congratulated the Secretariat on the high percentage of completion of most of the programmes corresponding to the past biennium, in spite of the severe budgetary restrictions. In that respect, he asked ECLAC to give greater priority to activities of regional coverage, while not neglecting the individual requirements of specific countries. He also expressed his concern with the need to maintain and increase the UNDP resources made available for programmes in the region.

165. Another representative referred to the rationalization measures adopted by the United Nations in order to achieve greater efficiency and to face up to the financial crisis affecting the Organization. In that respect he congratulated ECLAC for having so faithfully implemented the instructions of the Secretary-General in spite of the sacrifices involved in attempting to carry out the tasks entrusted to it with a diminished number of officers. He promised that his government would, within its means, endeavour to support the Secretariat by providing experts in specific fields.

166. The Committee then analysed each of the 14 programmes which make up the draft programme of work.

Programme 10: Development issues and policies

167. The representative of the Secretariat described the contents of this programme and underscored its importance, as it had been allocated 30% of the funds budgeted for the Secretariat as a whole, supplemented by 25% of the extra-budgetary funds which it was hoped to obtain for 1990-1991. The programme was executed by several units: the Economic Development Division, the Economic Projections Centre, the Latin American Centre for Economic and Social Documentation (CLADES) and the Latin American and Caribbean Institute for Economic and Social Planning (ILPES).

168. The first four subprogrammes making up the programme were then presented. These covered the preparation of the annual Economic Survey, Economic Panorama and Preliminary Overview for each year; studies of development strategies and economic policies; substantive documentation for CEGAN and economic

projections; and activities in respect of the organization of information and documentation for economic and social development.

169. The Committee approved these four subprogrammes but deferred consideration of the ILPES subprogrammes until it examined item 6 c) of the agenda, to be presented in due course by the Institute.

170. The programme was approved.

Programme 11: Energy

171. In outlining this programme, the representative of the Secretariat laid stress on the subregional coverage provided by subprogramme 11.2, which covered support activities for the integrated development of the electricity sector in Central America. In that respect, one representative requested clarification regarding the ordinary budget funds to be devoted to this programme and expressed concern at the estimated extra-budgetary funds for reinforcing it. He also requested clarification of the mandates relating to new and renewable sources of energy issued by the Intergovernmental Committee on New and Renewable Sources of Energy which had recently met in New York. He also requested details of the contacts with regional organizations dealing with the topic.

172. Another representative expressed the desire that the programme should attach particular importance to energy conservation.

173. The representative of the Secretariat explained that the estimate of extra-budgetary funds had been very cautious, and had been restricted to projects for which there were some indications of the availability of potential funds. He confirmed that permanent contacts existed with the Latin American Energy Organization (OLADE) as well as with the Intergovernmental Committee referred to. He also took note of the need to incorporate aspects of conservation policy into the formulation of energy policies, and mentioned that the environment programme provided for activities oriented towards the conservation of natural resources, especially in the energy field.

174. One representative thanked the Secretariat for the emphasis placed on Central America in the energy field, and also requested information on the relationship between those tasks and the special programme of economic assistance to that subregion under the terms of General Assembly resolution 42/204. In that respect the representative of the Secretariat said that the programme had been prepared at an earlier stage, but that the Executive Secretary of ECLAC, with the assistance of other Secretariat officers, had participated together with officers of the United Nations Development Programme (UNDP) in preparatory activities to implement that resolution. This information was considered satisfactory by the representative in question.

175. The programme was approved.

Programme 12: Environment

176. The representative of the Secretariat gave a general presentation of this programme, highlighting the concern with orienting its activities towards the incorporation of the environmental dimension as a routine factor of development processes, in response to the need to diminish the adverse effects of development policies and styles upon the environment. He made special mention of the support provided by the United Nations Environment Programme (UNEP) to the unit responsible for implementing this programme.

177. The programme was approved.

Programme 13: Food and agriculture

178. The representative of the Secretariat outlined the food and agriculture programme jointly executed by ECLAC and the Food and Agriculture Organization of the United Nations (FAO).

179. He said that both organizations had committed themselves to maintaining the resources for this programme, so that there would be no change in the human resources allocated thereto. The programme pursued interdependent objectives: the eradication of rural poverty, the elimination of hunger and malnutrition, and the expansion of agricultural production. The elements making up its single subprogramme included the topics of macroeconomics and agricultural policy, the linkage of the agricultural productive structure with industry and services, food security, microcomputers and agricultural planning, and an analysis of the future of the traditional agricultural export products of Central America.

180. The programme was approved.

Programme 14: Human settlements

181. In presenting this programme, the representative of the Secretariat summarized the objectives of its four subprogrammes, which were oriented towards improving housing and human settlements conditions in the region, noting that in this case too the programme was carried out by a joint unit, this time of ECLAC and the United Nations Centre for Human Settlements (UNCHS).

182. The fundamental objectives of the programme centered on the problems of the spatial distribution of the population, the development of employment and the mobilization of savings towards investment in housing and the participation of social groups and local governments in the planning and management of the housing sector.

183. The programme was approved.

Programme 15: Industrial development

184. In respect of this programme, the representative of the Secretariat noted that it constituted a joint effort between ECLAC and the United Nations Industrial Development Organization (UNIDO) and gave details of its objectives and composition.

185. One representative expressed satisfaction with the inclusion of the topic of the promotion of capital goods industries, and expressed the desire that this significant activity should be allocated funds from the ordinary budget in order to avoid being mainly dependent on the possibility of obtaining extra-budgetary funds.

186. Referring to programme element 15.2.3 on the development of capital goods industries, another delegation requested greater details of the operational activities proposed therein, especially those carried out by UNIDO under its system of consultation. The Secretariat representative explained that ECLAC provided a regional forum for discussion which complemented the system of consultation, both with entrepreneurs and with government experts.

187. The programme was approved.

Programme 16: International trade and development finance

188. The Secretariat representative gave a detailed presentation of this programme, in view of the importance of the topic and the size of the funds allocated for its execution. He first of all reviewed the contents of the first four subprogrammes: studies on international economic relations, with emphasis on bargaining processes; relations with developed market economies and centrally planned economies; economic integration and co-operation, and the links between the countries of the region and the international monetary and financial system.

189. The Secretariat representative then referred to the inclusion in this programme of the subprogramme on economic integration and co-operation among the Caribbean countries (subprogramme 5). A brief summary was given of its origins, and reference was made to its various components, illustrating the expansion of the activities carried out by the ECLAC Subregional Headquarters for the Caribbean.

190. One representative requested a clarification regarding the names of the subprogrammes, which had been altered since the 1988-1989 period. The Secretariat representative explained that for the period under review (1990-1991) there had only been slight changes in the names of these activities and that they essentially pursued the same objectives as during the present biennium.

191. Another representative drew attention to the importance of subprogramme 16.4, Economic Integration and Co-operation, and stressed that it should not limit itself to following up the processes under way but should also make a theoretical and practical contribution thereto. He also expressed interest in the progress made in the development of a statistical

infrastructure to support the planning of the services referred to under programme element 16.1.5 on trade in services. The Secretariat took note of these observations.

192. Another representative expressed interest in programme element 16.1.1, Latin America and the International Economic Negotiations, and requested that the Secretariat should expedite progress in studies on the topic in order to assist the negotiations under way. The Secretariat representative acknowledged the justice of the proposal and said that work was already being carried out on the subject since 1987.

193. A further representative placed stress on the great significance of the agreements between Argentina, Brazil and Uruguay and requested that the Secretariat should provide support for this subregional process through studies and technical co-operation involving the ECLAC offices in those countries.

194. Finally, another representative informed the Secretariat of his country's interest in receiving information as to the possibilities of advisory assistance to the countries of the region in respect of the negotiating process under way within GATT following the agreements reached on agricultural products in the Uruguay Round. The representative also expressed the desire that the Secretariat should systematically support the development of systems to measure the relevant subsidy programmes and should make use of its links with countries of other regions, such as Europe and Asia, through the respective regional commissions, to that end.

195. A number of other representatives spoke on this topic, one of them requesting that account should also be taken in this respect of countries which were net food importers, while another expressed the desire that ECLAC should always place at the disposal of all its member countries the studies which it carried out on this and other topics of the programme of work.

196. The Secretariat expressed its appreciation of these remarks and took due note of them.

197. The programme was approved.

Programme 17: Natural resources

198. The Secretariat representative presented the programme on natural resources and referred to the mineral, water and marine resources covered by it. The programme was received with satisfaction by the delegates, who made no comments on it.

199. The programme was approved.

Programme 18: Population (CELADE)

200. The content of this programme was only briefly reviewed by the Secretariat representative, since its detailed presentation would be made by the representative of the Latin American Demographic Centre (CELADE), which was responsible for its implementation, when agenda item 6 b) was discussed.

Programme 20: Science and technology

201. In the presentation of this programme, reference was made to the legislative mandate which formed its basis (the Vienna Programme of Action), and to the way in which the subject of technology was dealt with in the different parts of the draft programme of work under consideration. Examples were given of some of the activities proposed for specific economic sectors.

202. One delegation expressed its desire that this and other programmes should reflect activities directed towards promoting the participation of the private sector in the development process.

203. The Secretariat explained the matter in the context of the presentation by topics, highlighting some elements where it was possible to identify activities expressly directed towards promoting and supporting the private sector. It was noted that it was difficult to determine a priori whether the users of studies and research would be from the public or the private sector, especially in those countries of the region where public and private capital made up a mixed economy. It was emphasized that it would be very difficult to identify the particular programme elements intended for different sectors of the economy.

204. Another representative felt that the programme make-up of the document was satisfactory, since it adhered to the general programming standards laid down by the United Nations. He went on to say that his delegation agreed both with the general way the programme of work was presented and with the priorities (as indicated by the magnitude of the resources assigned) set out in the summary of human resources by programme.

205. Another representative expressed his support for the proposal put forward by the Secretariat and its explanations, as well as the form in which the document was presented.

206. The programme was approved.

Programme 21: Social development and humanitarian affairs
in Latin America and the Caribbean

207. The representative of the Secretariat explained the composition of the programme, stressing its new orientation and the content of subprogramme 21.2, Integration of Women into Development. An information note */ had been

*/ Conference Room Paper II/1.

distributed by the Secretariat on the subject, which identified other activities of the same kind included in the programme of work as a whole.

208. One representative said that he wished to place on record in the report the continuing importance of the activities contemplated in elements 21.1.3, Social Policies in Times of Crisis, and 21.1.4, Labour and Critical Poverty in Mexico and Central America. He requested that in the first case the coverage of the element should be extended to the problems of the care of refugees, displaced persons, repatriated persons, young people, orphans and other victims of war. In the case of the second element, he emphasized that it was necessary to study measures for improving living standards, establishing employment programmes, and increasing access to health and other basic services for the well-being of the population.

209. In general, the delegations favourably received the presentation of this programme, and the Secretariat proceeded to take due note of the emphasis desired by the above-mentioned delegation.

210. The programme was approved.

Programme 22: Statistics for Latin America and the Caribbean

211. The representative of the Secretariat explained in detail the content and scope of the activities planned in this field, the main objectives of which were to improve and extend a regional framework of homogeneous and comparable quantitative data and to support the national statistical systems, which were indispensable elements in any process of producing timely and reliable statistics.

212. The delegations received with interest the information provided by the Secretariat on data banks, regional indicators, social statistics, external sector and national accounts statistics, and training and technical co-operation activities in respect of statistics, and expressed support for the proposed programme of work on this subject.

213. The programme was approved.

Programme 23: Transnational Corporations

214. The Committee considered this programme at two separate meetings. In his initial presentation, the Secretariat representative noted that its execution was the responsibility of the Joint ECIAC/CTC Unit (set up under resolution 1961(LIX) of the Economic and Social Council) and of the United Nations Centre on Transnational Corporations, and that the activities of the programme were divided into three subprogrammes.

215. Following the presentation by the Secretariat, the United States representative expressed his concern over the contents of the programme, noting that it was inappropriate to include the question of the debt problem in it, since in his view that issue should be debated within the financial organizations established by the Bretton Woods agreement. He stated that his

position in the Committee was the same as that adopted by his delegation during the discussion of the draft programme of work of the United Nations Centre on Transnational Corporations, and he proceeded to request a roll-call vote on the programme.

216. The Committee approved programme 23 by a majority vote.*/

217. With regard to the vote, several delegations requested that their statements, which are given below, should be included in the report:

a) The representative of Canada stated that he abstained in the voting on Programme 23 of the Programme of Work of the Commission in order to remain consistent with the position recently adopted by that country in other forums of the United Nations.

b) The representative of Spain, speaking on behalf of the five members of the European Economic Community which are members of ECLAC, said that in the light of the discussions on Programme 23 of the Programme of Work of the ECLAC system 1990-1991, the countries of the European Economic Community which were also members of ECLAC wished to place on record that in voting on that programme their delegations had acted in a manner consistent with the position which they had maintained and the form which their participation had taken on that matter in the United Nations.

c) The representative of Peru said that he attached priority importance to Programme 23 "Transnational Corporations" and to the activities carried out by the Joint Units of the regional commissions and the Centre on Transnational Corporations. The subprogrammes of Programme 23, in particular subprogramme 23.2.1., Financial Transfers and the Transnational Banks, were of particular significance for the region, specially in the case of the study on debt negotiations with the transnational banks, as Latin America was the region most affected by the debt crisis. The representative of Peru said that he had voted in favour, in keeping with his country's principles and with its voting record in the Commission on Transnational Corporations.

Programme 24: Transport, communications and tourism

218. The representative of the Secretariat presented the ECLAC programme on transport, communications and tourism, based on the execution of activities in three subprogrammes: one on policy and planning, another on land transport, and a third on water-borne and multimodal transport. There were no comments on this subject.

219. The programme was approved as proposed.

*/ See paras. 236 and 449, which gives details of the voting by member countries on this programme in the Committee and in the Plenary.

Programme 18: Population (CELADE)

220. The Director of CELADE presented the report on the activities of CELADE for the period 1986-1987, described the new guidelines which had been laid down for the Centre and explained the draft programme of work for the period 1990-1991.

221. In his presentation he spoke of the nature and extent of the activities carried out under the subprogrammes on integration of population variables into development planning, on population information, and on training which were conducted in the member countries, at the Centre's headquarters in Santiago (Chile), in the Subregional Office for the Central American Area at San José (Costa Rica), and in the two joint ECLAC/ILPES units, namely the unit for the Caribbean countries in Port of Spain and the unit for the countries of the River Plate basin in Buenos Aires.

222. He then made explicit reference to the substantial collaboration received from extra-budgetary sources in carrying out the programme for the period 1986-1987 and, in particular, expressed his gratitude for the generous contributions made by the United Nations Population Fund (UNFPA) and by the Governments of Canada, France and the Netherlands.

223. He placed emphasis on the interrelationship which existed between the Centre's various activities and on the integrated nature of its work and reviewed the present needs of the region in the realm of development strategies and policies. He referred to the contribution to be expected in that respect from population activities, giving actual examples of the far-reaching effects that changes in population dynamics could have on the development process and vice versa. Finally, he analysed each of the subprogrammes of the population programme in the light of what he had just said, making special reference to the feasibility of their fulfilment with the resources already on hand and those expected to be received during the two-year period 1990-1991.

224. A number of representatives praised the presentation made by the Director of CELADE, noting the usefulness, in terms of the formulation and implementation of development policies, of the new way in which the draft programme of work was oriented.

225. Several representatives offered collaboration through specialized bodies of their countries and suggested useful ways of strengthening the mechanisms for appraising the Centre's activities.

226. The programme of work of CELADE and the report on its activities in the period 1986-1987 were approved.

Latin American and Caribbean Institute for Economic and Social Planning (ILPES)

Subprogramme 10.5: Economic and social planning services for the countries of Latin America and the Caribbean;

Subprogramme 10.6: Planning and co-ordination of public policies

227. The Director-General of ILPES laid stress on the fact that ILPES was a permanent United Nations body and on its role as an intergovernmental service institution. He noted that the organs which directed its work were the Regional Council for Planning, made up of the Ministers and Heads of Planning of the 37 member governments of ILPES, and the Presiding Officers of that Council, consisting of the representatives of seven of those governments. Both those forums had unanimously approved the report of the Institute's activities during the period 1986-1987 and its programme of work for 1988.

228. He then highlighted what had been accomplished in 1987, when a start had been made on consolidating the programme for the conceptual, methodological and procedural renovation of public policy planning and co-ordination procedures. He drew attention to the financial support contributed directly by governments to ILPES, which had increased by a factor of 30 in real terms in recent years, and to the collaboration provided by such developed countries as France, the Netherlands and Spain. He also highlighted the role played by UNDP, IDB and the World Bank in supporting specific ILPES projects.

229. After summarizing the activities carried out in 1987 he went on to describe those programmed for 1988 both at the level of the Office of the Director-General and in the areas of training, advisory services, social policies, regional planning and policies and public sector programming. He also described the activities carried out under regional project RLA/86/029, which was implemented with UNDP support and covered aspects relating to macroeconomic programming, the formulation of criteria for identifying dynamic comparative advantages, and intergovernmental co-operation.

230. He drew attention to the ILPES policy of decentralizing its activities through the Joint ECLAC/ILPES Unit for the Caribbean and the more recently established Office for Central America and Panama located in San José, Costa Rica. As a global indicator of the work accomplished in 1987, he mentioned that 175 technical papers had been produced either directly or by promoting their production in other bodies.

231. Finally, he said that all ILPES's work was aimed at consolidating the Institute as a body specializing in studying the medium and the long term, and that the short-term support provided was always linked to such medium and long-term perspectives. He drew attention to the new thrust of ILPES in the field of planning and also to its pluralist position, which was in keeping with the predominance of market economies in the region. Through its work, ILPES sought to help to reduce the uncertainty in the decisions of public and private agents and to play the twofold role of helping the region to find a better form of insertion in the world economy and raising governments' levels

of performance and efficiency. In those tasks, great importance was attached to social concertation in order to legitimize national development projects, and to the role played in that process by non-governmental bodies.

232. The document prepared by ILPES and its draft programme of work for the period 1990-1991 were received with great interest and unanimously approved.

General debate

233. Following the discussion of the foregoing individual programmes, the Chairman re-opened the general debate.

234. One representative requested the Secretariat to prepare a list identifying the various activities throughout the programme of work which bore directly or indirectly on the private sector, including academic institutions. Another representative, however, questioned whether such a list should be prepared, and asked whether its preparation would have financial implications. A further representative stressed that such action should not involve any change in the general orientation of the programme of work.

235. The representative of the Secretariat promised to prepare the list within a reasonable period at the Santiago headquarters of ECLAC, where the necessary background material could be consulted. That activity would not have any financial implications, and its results would be conveyed to all the member countries of the Commission as soon as possible.

236. The Committee approved the draft programme of work of the ECLAC system for the period 1990-1991 */ by consensus, except in the case of Programme 23, Transnational Corporations, which was approved by a majority vote.

Calendar of conferences for the period 1988-1990 (agenda item 7)

237. The representative of the Secretariat presented the document entitled "Proposed calendar of conferences of ECLAC for the period 1988-1990. Note by the Secretariat" (LC/G.1499(SES.22/4)). He made special reference to the in-depth study of the intergovernmental structure and functions of the organization in the economic and social fields currently being carried out by the Special Commission set up by the Economic and Social Council; to the ECLAC resolution which recommended that the current institutional structure of ECLAC be maintained; to the Fourth Regional Conference on the Integration of Women into the Economic and Social Development of Latin America and the Caribbean, to be held from 27 to 30 September 1988; and to the Latin American and Caribbean Regional Preparatory Meeting for the Eighth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, which is to be held during the biennium 1988-1989 in accordance with ECOSOC resolution 1987/49 and General Assembly resolution 42/59.

*/ LC/G.1506(SES.22/6).

238. The Committee then considered annex 3 of document LC/G.1499 (SES.22/4)), containing the draft Calendar of Conferences of ECLAC for 1988 and 1989.

239. The Secretariat representative reported that all ECLAC intergovernmental conferences planned for 1988 and 1989 could be financed from the regular budget of ECLAC under the item "Policy-making organs", with the exception of the Regional Preparatory Meeting for the Eighth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, for which (if it is decided to hold it) the General Assembly would have to make appropriate budgetary allocations.

240. The Committee proceeded to approve the calendar of statutory meetings of the Commission and its subsidiary bodies.

Other business (agenda item 8)

Some recent resolutions and decisions adopted by United Nations organs which require to be brought to the attention of the Commission (Item 8 b) of the agenda of the twenty-second session)

241. The representative of the Secretariat presented the document entitled "Some recent resolutions and decisions adopted by United Nations organs which require to be brought to the attention of the Commission. Note by the Secretariat" (LC/G.1516 (SES.22/16)) and referred to the following resolutions:

a) The situation in Central America: threats to international peace and security and peace initiatives (General Assembly resolution 42/1) and Special economic assistance to Central America (General Assembly resolution 42/204). In its operative part, resolution 42/1 expresses its support for the efforts being made to achieve peace in Central America and urges the international community to increase its technical, economic and financial assistance to the Central American countries. In resolution 42/204, the General Assembly requests the Secretary-General, in co-operation with UNDP, ECLAC and other bodies, to send a technical mission to the countries of Central America for the purpose of determining the economic and social priorities of those countries, and to formulate a special plan of co-operation for Central America. It also urges the organs and organizations of the United Nations system to co-operate in the implementation of the special plan. The representative of the Secretariat said that those resolutions would be considered in Committee I.

b) Co-operation between the United Nations and the Organization of American States (General Assembly resolution 42/11), and Co-operation between the United Nations and the Latin American Economic System (General Assembly resolution 42/12). The Secretariat representative said that these resolutions were intended to promote and extend co-operation and co-ordination between the United Nations and the OAS on the one hand, and the United Nations and SELA on the other. He added that a short study had been prepared on the subject and would be sent to United Nations Headquarters in New York.

c) Report of the World Commission on Environment and Development (General Assembly resolution 42/187). In this resolution, the General Assembly welcomes the report of the World Commission on Environment and Development entitled "Our Common Future", decides to transmit the report of the Commission to all governments and to the governing bodies of the organs, organizations and programmes of the United Nations system, and invites them to take account of the analyses and recommendations appearing therein in determining their policies and programmes. The Committee subsequently adopted a resolution on this subject, which appears later in the present report.

d) The Environmental Perspective to the Year 2000 and Beyond (General Assembly resolution 42/186). The Secretariat representative described this resolution, in which the Environmental Perspective to the Year 2000 and Beyond was adopted, as a broad framework to guide national action and international co-operation on policies and programmes aimed at achieving environmentally sound development. The Secretariat representative suggested that member States might wish to bear these recommendations in mind in formulating national and international measures.

e) Report of the Joint Inspection Unit on technical co-operation between UNDP and ECLAC (Decision 42/446 of the General Assembly). The Secretariat representative mentioned that the General Assembly had decided to take note of the Report of the Joint Inspection Unit (JIU/REP/86/10), which was now brought to the attention of ECLAC.

f) Preparation of the new International Development Strategy for the Fourth United Nations Development Decade (General Assembly resolution 42/193). In this resolution, the General Assembly requests the Secretary-General, in consultation with all the organs and organizations of the United Nations system concerned, to provide information which would be appropriate for the preparation and elaboration of an International Development Strategy for the Fourth United Nations Development Decade (1991-2000). The Secretariat representative said that the resolution would be considered by Committee I.

g) Raúl Prebisch Foundation (General Assembly resolution 42/194). In its resolution 42/194, the General Assembly recognizes the important and valuable contribution made by the former Executive Secretary of ECLAC to development and international economic co-operation and invites all States and relevant agencies and bodies of the United Nations system to support the activities undertaken by the Raúl Prebisch Foundation set up in Argentina for the purpose of promoting development. The representative of the Secretariat expressed the hope that all member States would be able to collaborate with that Foundation.

h) Policy guidelines for the harmonization of activities of the organizations of the United Nations system in science and technology for development (resolution 4(IX) of the Intergovernmental Committee on Science and Technology for Development). The representative of the Secretariat informed the Committee of resolution 4(IX) of the Intergovernmental Committee on Science and Technology for Development, in which note is taken of the report of the Secretary-General on this

subject (document A/CN.11/84 of 12 June 1987) and other intergovernmental bodies within the United Nations system are invited to consider that report at their forthcoming sessions and to offer their comments. He mentioned the request made by the Director-General for Development and International Economic Co-operation of the United Nations that the resolution in question should be brought to the attention of ECLAC with a view to receiving observations from the countries with regard to it.

Consideration and approval of the draft resolutions for submission to the Plenary

242. The Committee then went on to consider the following resolutions: i) Support for the Latin American and Caribbean Institute for Economic and Social Planning (ILPES) on the occasion of its twenty-fifth anniversary; ii) Latin American Demographic Centre (CELADE); iii) Calendar of Conferences of ECLAC for the period 1988-1990 and iv) Report of the World Commission on Environment and Development.*/

243. After the representative of the Secretariat had indicated that these resolutions had no budgetary implications for ECLAC, they were approved by the Committee by consensus.

244. The Committee also approved by consensus a fifth draft resolution on the programme of work of ECLAC for the period 1990-1991,**/ except with regard to programme 23, "Transnational Corporations". This was approved by a majority vote, as reflected in a footnote corresponding to the first operative paragraph of the resolution.

Approval of the report of Committee II

245. This report of Committee II was approved unanimously for submission to the Plenary.

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

246. The Sessional Committee on Co-operation among Developing Countries and Regions met on 21 and 22 April 1988 to consider item 4 of the agenda. The Officers of the Committee were as follows:

<u>Chairman:</u>	Venezuela
<u>First Vice-Chairman:</u>	Guyana
<u>Second Vice-Chairman:</u>	Paraguay
<u>Third Vice-Chairman:</u>	Canada
<u>Rapporteur:</u>	Argentina

*/ Contained in Conference Room Paper PLEN/12.

**/ Conference Room Paper PLEN/12/Corr.1.

247. The representative of the Secretariat presented the document entitled "Activities of the ECLAC system to promote and support co-operation among developing countries and regions" (LC/G.1505(SES.22/10)), containing a description of the activities carried out since the twenty-first session of the Commission.

248. He drew attention to ECLAC's role as a catalyst in promoting and supporting the governments in their performance of activities relating to co-operation and noted that although co-operation among developing countries did not constitute a specific item in the Commission's programme of work, in practice the execution of activities relating to co-operation was given strong support and priority as a form and line of activity in all the Commission's work.

249. He described the activities which had been carried out at the regional level in support of co-operation among developing countries, highlighting among them those aimed at strengthening co-ordination with organizations of the United Nations system and other regional bodies with regard to technical co-operation among developing countries (TCDC); at identifying practical opportunities for strengthening co-operation among developing countries; at strengthening the exchange of experience among co-operation agents in the region, and at helping the national co-ordination centres for TCDC to promote the establishment of links between national institutions dealing with related sectors or issues.

250. He went on to summarize the activities carried out in conjunction with the other United Nations regional commissions for the purpose of identifying and seeking to implement priority activities relating to co-operation among developing regions and drew attention to the problems experienced in obtaining the funds needed to carry out such activities.

251. Activities already carried out in the realm of co-operation included the recent completion of a "Guide to technical co-operation among developing countries (TCDC): TCDC supply and directory of institutions" */ providing up-to-date information on the situation with regard to TCDC in a limited number of Latin American countries, and also a second volume **/ in the series containing abstracts of documents on co-operation among developing countries available in the ECLAC data base. The Secretariat planned to prepare a supplement to the Guide including other countries in the region (specifically those of the English-speaking Caribbean) and also to produce a third volume of abstracts of documents on TCDC.

252. The delegations noted with satisfaction the activities carried out by the Secretariat and mentioned a number of items of interest with regard to the future orientation of TCDC and ECDC activities. They drew attention to the need for greater co-ordination of the efforts made by different organizations working to promote regional co-operation, with special emphasis on the need to strengthen subregional and regional integration and co-operation arrangements.

*/ LC/G.1513.

**/ LC/G.1501-P.

253. Several delegations suggested to the Secretariat different lines of intra-regional economic co-operation as a means of tackling and solving problems connected with the external debt, the settlement of commercial payments, development financing, etc.

254. They also drew attention to the need to support national efforts aimed at improving the inventories of TCDC-related resources and requirements and at strengthening training and research centres working in fields and disciplines to which the countries attached priority.

255. Some delegations placed emphasis on the need to make full use of the mechanisms and bodies already established within the Commission in order to analyse in depth the benefits that could be provided by intra-regional co-operation in tackling the region's development problems.

256. After a comprehensive debate, six delegations proposed that technical (TCDC) and economic (ECDC) co-operation among developing countries should be dealt with as separate issues in guiding the Secretariat's future work. Pursuant to this proposal, two draft resolutions were submitted to the plenary after their detailed discussion.

257. In the discussion of item 5 of the agenda, some delegations referred to various regional co-operation measures currently underway in Latin America and the Caribbean. In this connection, the delegation of Mexico stressed the importance of supporting the ECLAC Secretariat in the formulation of the special United Nations programme for Central America, and urged the members of the Commission to do their best to further that programme in view of the special meeting to be held on the subject at United Nations Headquarters in New York in May 1988.

258. The delegation of Mexico added that on 22 March 1988, at the Annual Assembly of the Inter-American Development Bank, the Minister of Finance of Mexico had announced a "Programme of Economic and Financial Co-operation with Central America". That programme had been formulated in response to the main proposals made by Central America, to General Assembly resolution 42/1, and to the measures to assist Central America agreed upon by the Heads of State of the Group of Eight at their last meeting held in December 1987 in the city of Acapulco. The Committee agreed to include that Programme as an annex to its report.

259. The delegation of Mexico also stressed that the ECLAC Secretariat, in its work to support economic co-operation between the Latin American and Caribbean countries, should collaborate more closely with SELA in the light of the decisions which the Latin American Council had adopted on the matter.

260. The delegation of Argentina made reference to the Treaty on Assistance in National Food Emergencies, recently signed in Caracas within the framework of the SELA Action Committee on Regional Food Security (CASAR). He noted in that connection that the Treaty permitted the participation of non-signatory countries and of international organizations in co-operation measures regarding food aid in emergency situations.

Approval of draft resolutions for submission to the Plenary

261. The Committee approved two draft resolutions, on technical co-operation among developing countries and regions and on economic co-operation among developing countries, respectively.*/

Consideration and approval of the report of the Committee

262. The Committee approved the present report for submission to the Plenary and decided to include in it the following annex:

Annex

MEXICO'S PROGRAMME OF ECONOMIC AND FINANCIAL CO-OPERATION
WITH CENTRAL AMERICA

Documents to initiate the following activities were signed in Caracas, Venezuela, on 22 March:

- a) Replenishment payment of US\$50 million to the Financial Co-operation Agreement between Mexico and the Central American Bank for Economic Integration in order to continue the support provided for the implementation of development projects by Mexican firms using resources made available under the San José Agreement.
- b) A technical co-operation agreement between the Nacional Financiera of Mexico and the Central American Bank for Economic Integration in order to assist the latter in the programme for the industrial reactivation of Central America.
- c) A technical co-operation agreement between the Banco Nacional de Comercio Exterior of Mexico and the Central American Bank for Economic Integration in order to assist the implementation of the programme to promote non-traditional exports from Central America.
- d) A fellowship programme aimed at assisting the professional development of Central Americans in Mexico through the provision of resources from the Fund for the Economic and Social Development of Central America set up within the Central American Bank for Economic Integration.

In addition, the programme provides for the following measures to be put on a formal basis in the near future:

- e) Creation of a revolving fund of up to US\$65 million for the granting of special loans in Mexican pesos to Mexican importers of Central American products, with the objective of reducing the present trade imbalance with Mexico.

*/ Conference Room Paper PLEN/3.

- f) Signing of an agreement between Mexico and the Economic Commission for Latin America and the Caribbean in order to provide Central America with technical assistance regarding the external debt, using resources from the United Nations Development Programme. This action will be taken within the framework of a commission to be established by Mexico and the Central American countries for dealing with the external debt issue. There is great potential for co-operation among Latin American countries in this regard, based on the principles of solidarity and mutual benefit. The Mexican delegation is pleased to report that as a practical result of these efforts, an agreement will be signed with Costa Rica today (22 April 1988) concerning the restructuring of its debt with Mexico. In this transaction, advantage will be taken of the discount available on the secondary market, to the benefit of both countries.
- g) Establishment of an agreement between the Government of Mexico, UNDP, ECLAC and UNIDO for the identification and promotion of projects in Central America, making use of resources available under the agreement between Mexico and the Central American Bank for Economic Integration.
- h) Formalization of an agreement between the Government of Mexico, ECLAC, CADESCA and the Central American Bank for Economic Integration to stimulate the financing of agricultural projects in Central America (which provide, *inter alia*, for exports to Mexico), using resources available under the agreement between Mexico and that Bank.
- i) Signing of a technical co-operation agreement with the Permanent Secretariat of the General Treaty on Central American Economic Integration, as a means of contributing to the re-establishment of the Central American Common Market.
- j) Mexico has instructed the corresponding Executive Director in the IDB to ask the IDB administration to prepare a letter of intent defining the role which the Bank should play in solving the debt problem of the Central American countries and in ensuring that this issue is incorporated as a permanent line of action within the objectives of the Bank.

Plenary

- a) Meetings to commemorate the fortieth anniversary of ECLAC

263. During the twenty-second session, the commemorative spirit was constantly present, both in delegates' statements and in the many messages of congratulation received from all over the world. Special commemorative meetings were held on the afternoons of 22 and 25 April, when the main speakers were João Clemente Baena Soares, Enrique V. Iglesias, Celso Furtado and Carlos Rafael Rodríguez. In addition, the Latin American and Caribbean delegations issued a Communiqué */ on the Fortieth Anniversary of ECLAC, while the Plenary of the Commission adopted a resolution on the same subject.**/

*/ See para. 152 above.

**/ Resolution 499 (XXII).

264. Mr. João C. Baena Soares, Secretary-General of the Organization of American States (OAS) expressed great satisfaction at participating in the plenary meeting held to commemorate the 40 years of ECLAC's existence. At the beginning of the post-war period, nobody had had a clear idea of the significance of the challenges inherent in the international economic environment. The idea of integration had been forgotten. A war without precedent had just ended, and the countries of Latin America were not receiving the same kind of help in the construction of the region's economy as the European countries. In 1948, however, two important events occurred --ECLAC was established and the Charter of OAS was signed. At the beginning of the post-war period, the Latin American economies were characterized by their dependence on the export of primary commodities and on imports of manufactures. There were few economic links between the countries of the region. It was in that context that ECLAC began to contribute to the process of economic and social development in the region, thanks to the work of thinkers such as Raúl Prebisch, who made people reflect about Latin America's position in the world scenario and drew attention to the need to diversify exports, industrialize the economies of the region and expand the domestic market, with the participation of all sectors.

265. The active presence of ECLAC remained as essential today as when it was first founded, in the face of problems which seemed even more difficult to resolve now that there was less external support. The unprecedented crisis early in the present decade had disoriented the development process, lowered the standard of living, weakened capital formation and aggravated the problems associated with poverty. That situation was compounded by the burden of the external debt and by the adverse conditions on the international scene.

266. In a recent report on integral development and democracy in Latin America and the Caribbean prepared by outstanding figures from the region, a diagnostic study was made and proposals were formulated which came very close to the ECLAC positions stressing the importance of taking account of the new factors characterizing the growth pattern of the world economy, such as the emergence of new economic centres, technological progress, and the growing financial links of the developed countries. The new circumstances called for a great internal effort and new responses, which should be creative and should produce results without delaying the changes needed within the region.

267. He concluded his statement by saying that the OAS and ECLAC, which had always maintained very close links, now had an important role to play in increasing their support to the countries of the region in efforts aimed both at action and at creative thinking and leadership.

268. Mr. Enrique V. Iglesias, President of the IDB and former Executive Secretary of ECLAC, said that ECLAC had come into being as a result of the impact of the post-war crisis, at a time when international solidarity and co-operation had given rise to a legitimate concern with development in the form of the "economic development theory". These had been influenced by the economic ideas of the developed countries, but had also been inspired from within the region.

269. In 40 years, the Commission had firmly established its institutional identity, although, inevitably, it had been at the centre of controversy and debate. Moreover, it had acquired a Latin American identity, whereby it endeavoured to find responses to the problems of underdevelopment from the perspective of interpretations developed within the region. At the time of ECLAC's beginnings, no one could have foreseen the manner in which its field of action would expand to cover issues which nowadays formed part of the set of common problems of humanity. ECLAC's thinking had always been dynamic, and should continue to be so in the future, reflecting a permanent dialectical interplay with reality.

270. There were three main lessons to be drawn from the past: a) the Latin American reality was made up of a diversity of facets, and aggregating statistics increasingly concealed major discrepancies therein; b) the development process was extremely complex, and c) Latin America was part of the international scene, a fact which could no longer be ignored. That fact would continue to be a key element in development strategy, not only in the field of macroeconomic policy, but also in the sphere of the upheavals caused by technological change: in the coming decade ECLAC would have a major role to play in the quest for solutions to overcome the present crisis.

271. Addressing the outlook for the region in the 1990s, he said that not everything was negative, and among the encouraging features, he mentioned the improvement in the macroeconomic management capacity of the countries; the awakening of the region's export capacity in spite of the unfavourable terms of trade; the increased awareness as to key aspects of social policies, and the review of the role of the State as an agent of production and creativity. The past experience and capacity for reaction of Latin America and the Caribbean should prevent the region from sinking into a new depression, with the resulting social regression. The Commission was facing a real challenge as regards the possibility of helping the region to assess past experience, whether successful or not; observing the experience of other regions in order to draw lasting lessons, and undertaking the task of helping to understand the profound changes in the international economy, over which it had only limited influence, but whose far-reaching impact had to be studied.

272. Finally, he offered a modest word of advice to ECLAC regarding the best procedure to follow in respect of three problems requiring examination: i) the manner of managing the crisis from the economic and political angles; ii) the concern with modernization, which had to be tackled within each country in order for the region to achieve greater economic and social efficiency, and iii) the reformulation of the traditional integration schemes. In that respect, it was necessary to create pragmatic and more efficient forms of regional co-operation as a way of improving the dynamics of growth and solving balance-of-payments problems. Humility was required in tackling all of those tasks, as no magic formulas existed for them. Finally, it was also essential to carry out a fresh examination of the aims of the international institutions, in order for them to better serve the major objectives of the region, its governments and the great ideals of history.

273. Celso Furtado, Minister of Culture of Brazil, said that the present meeting of ECLAC provided an opportunity for reflecting on the various historical periods of the institution in order to better understand the

present and avoid the errors of the past. At the time of ECLAC's establishment, the international economy had undergone profound structural changes which had severely affected the countries of Latin America modifying the laws of their governability and imposing new functions on the State.

274. The task of the ECLAC experts at that time had been to articulate all those data in a coherent way and to formulate policies which would restore governability and promote new forms of development. For that purpose, ECLAC had established a nucleus of research and scientific creation in order to take advantage of the rich but diffuse experience of Latin America in the struggle against the crisis, and under the inspiration of Prebisch a conceptual framework had been elaborated with a view to linking the domestic and external problems in order to achieve new forms of development that were less dependent on external stimuli.

275. The structural similarities between that situation and the current one were very marked, since both periods corresponded to cycles of change in the world economy. The current crisis, however, was much more complex since it was reflected in all aspects of social life. As in the past, however, because of the lack of a proper appreciation of what was occurring at the international level it was currently difficult for the countries to articulate the relevant data in a coherent and intelligible manner and to convert the available knowledge of the processes under way into guidelines for action.

276. The most valuable lesson bequeathed by the ECLAC of those early days was probably the demonstration that there were problems for which the countries were incapable of devising and implementing solutions if they acted individually. Now that the major problems were more complex, there was an obvious need for co-operation to permit the crystallization of a regional political will.

277. Carlos Rafael Rodríguez, Vice-President of the Council of State and Ministers of Cuba, said that his feelings at the fortieth anniversary of the Commission were a mixture of sadness, bitterness and hope. First of all, he referred to the setbacks registered in the region during the last five years in terms of external indebtedness, per capita income, international trade difficulties, restriction of consumption, and above all the persistent and lamentable concentration of national income.

278. With regard to ECLAC, he said that ever since it had been set up it had clearly stated what the root of the problems affecting the region was, on the basis of the distinction drawn by Raúl Prebisch between the centre and the periphery, which brought out the undeniable contradiction between the two. From the start, the Commission had postulated and demanded changes in the economic environment, anticipating in some respects the demands made in the new International Economic Order put forward three decades later. He noted that the measured tone of the ECLAC message, which had been necessary in view of the prevailing international circumstances, did not detract in any way from the justice of its recommendations. In his view, Latin America had omitted at that time to carry out the structural reforms which would have enabled it to develop a sufficiently broad domestic market to solve the theoretical and practical problems raised by the ECLAC analyses. The transnationalization of the economy, together with financing through external indebtedness at high

interest rates, had now become an unbearable burden and an insurmountable obstacle to the region's development.

279. He felt that there was nothing to indicate that the existing circumstances were likely to be overcome through a sudden improvement in the external conditions imposed by the developed countries of the capitalist world, as had been forecast some years ago, and he believed that the situation had become even more serious because of the threat which the food surpluses of the European Economic Community represented for the world economy.

280. He then went on to say, however, that there was also growing hope in the region in view of the fact that militaristic and antidemocratic situations had been overcome in most of the countries and the Message of the Eight Presidents represented the expression of a Latin American and Caribbean voice which was not subordinated to external intervention. That continental awareness put the region in perhaps the foremost place among the peoples of the Third World and made it an obligation for it to continue the long-term battle for a new International Economic Order. In that struggle, the immediate objective on which all forces should be united was the external debt, which could only be solved jointly through the formation of a debtors' forum.

281. Meanwhile, he noted, there were two main options, both endorsed by ECLAC and both interrelated, namely, economic integration and structural change. He mentioned the advantages of complementation and expansion of markets in order to go beyond national frontiers and also to incorporate the great currently margined masses into the consumer market, and in conclusion he recalled the relation which existed between peace and development. Peace, he said, should be more than just the absence of war between the great powers: it should also be a prospect for the most underprivileged members of society.

b) Working meetings

282. In the working meetings, the participants engaged in a general debate on the main items of the agenda and considered the reports and draft resolutions submitted by the committees as well as the draft resolutions submitted directly to the Plenary.

Admission of Aruba as an associate member of ECLAC (agenda item 8 a))

283. At its 231st plenary meeting, held on 22 April, the Commission approved by consensus the admission of Aruba as an associate member of ECLAC.*/ The representative of the Netherlands, which had sponsored the request for the admission of Aruba, expressed his thanks for this decision. A number of delegations then expressed their satisfaction at the admission of Aruba, which was invited to take part in the work of the session forthwith.

*/ Resolution 490 (XXII).

General debate

284. The representative of Colombia said that the present crisis, which was the longest and severest experienced by the region in the past 50 years, was bringing it very close to structural stagnation. In the face of that fact, account should be taken of the suggestion made in the Secretariat document that reliance on short-term policies alone had proved its ineffectiveness for overcoming the crisis and that such policies had to be combined with medium- and long-term action and change based on international co-operation, regional concertation and, above all, on a political dialogue leading to the necessary structural corrections.

285. Since there had been widespread recognition of the true political dimension of the problem, more active participation could now be demanded from the international community in the quest for basic solutions --especially solutions to the debt problem-- as the only practical approach to issues such as those relating to the co-responsibility of debtors and creditors, symmetry in the adjustment processes and proper evolution of the economy, trade and international finance. In order to achieve such participation, it would be necessary to reform the international monetary and financial system in order to redress the severe imbalances at the world level which were hampering the development of the region. In that respect, he congratulated the Government of Canada and its Foreign Minister for having organized, prior to the forthcoming summit meeting of the Group of Seven, a meeting with an important group of Latin American countries at which the region's views concerning the major international issues were gathered. He also expressed satisfaction at the formula for turning debt into foreign investment in the debtor countries, adding that such a formula should also be extended to countries which were meeting their financial commitments in full.

286. The way in which the economic policy of Colombia --which could be regarded as relatively satisfactory-- was being managed had been based on the formulation and application of a careful fiscal policy as well as on a balance between sources of domestic savings and public and private investment. The exchange policy had been aimed primarily at keeping the real exchange rate at a competitive level, thereby allowing the progress of non-traditional exports (mainly in the agricultural and hydrocarbons sector), which had helped to offset the drop in international coffee prices. In that respect, he stressed the need to keep the International Coffee Agreement in operation. At the same time, the development of a social economy sought to treat economic and social affairs as an organic whole in an effort to preserve the balance of the political process and to overcome the restrictions affecting the strata living in absolute poverty, in which connection he wished to take the opportunity to invite the governments of the region to participate in the Conference on the Eradication of Absolute Poverty, to be held at Cartagena, Colombia, in August 1988.

287. Although the Uruguay Round was indicative of the spirit of renewal which deserved to be encouraged, it was a matter of concern that coercive discriminatory measures which blatantly violated both the General Agreement on Tariffs and Trade (GATT) and international law were being increasingly applied and were threatening the survival of the rules laid down in the multilateral system of trade; moreover, it was even more serious when measures were used as

a means of political pressure against developing countries. The future would be seriously jeopardized unless the crisis was faced coherently in a global international co-operation effort. The immediate objective, at least in the countries of the region, was to reactivate growth within a more favourable, secure and equitable international environment in which recognition was given to the links between trade, monetary and financial questions and development and those links were tightened. That required a renewed political will on the part of the entire international community in order to ensure that dialogue and co-operation could really act as factors of understanding and progress among peoples. At the same time, it would be necessary for the countries of the region to make an effective contribution to the reactivation of their economies by pooling their efforts, initiatives and actions so as to strengthen the presence of the region in the world community. That was a task not only for ECLAC but for all the other forums concerned with integration and the formulation of regional policies.

288. The representative of Spain, speaking on behalf of the members of the European Economic Community which were also members of ECLAC, welcomed the presence of Aruba as a contribution to the strengthening of the multilateral character of the Commission, whose fortieth anniversary was in itself proof of the importance and continuing relevance of the institution. The members of the Community which were also members of ECLAC wished to reaffirm the special importance they attached to the strengthening and development of their relations with the countries of the region, to which they were linked by enduring historical, political, economic and cultural bonds. The traditional co-operation of the Community with the countries of the Caribbean, within the framework of the Lomé Convention, had proven to be extremely rewarding for both parties.

289. Another major development had been the recently held Fourth Ministerial Conference between the States of the European Economic Community and the countries of Central America, held in Hamburg, at which note had been taken of the substantial progress towards the attainment of peace in Central America. He also referred to the meeting of the Joint EEC/Andean Pact Commission as a reflection of the growing expansion and consolidation of the relations between the EEC and Latin America. The EEC was cognizant of the fact that a solution to the economic problems that faced Latin America was closely bound up with the political stability, peace and security of the region's peoples, and the Secretariat document correctly described those problems. In the search for sustainable growth and development of the countries of the region, the servicing of the external debt was currently one of the most serious obstacles faced, and it also constituted a threat to the international financial system. Broad agreement existed within the international organizations on a growth-oriented strategy to deal with the debt problem, and it was generally recognized that the region's growth rate was too low. Despite the noteworthy efforts at adjustment by some countries, undertaken at the price of serious political and social consequences, the current strategy had not yielded the expected results.

290. Negotiation offered the best hope of finding solutions to those problems, and he welcomed the range of imaginative market-based solutions that had been devised by some countries of the region in consultation with their creditors with a view to reducing the debt burden. He also noted with satisfaction that

the countries of the region had entered into negotiations on that matter with the international organizations.

291. The Uruguay Round offered an excellent opportunity to overcome many of the obstacles which stood in the way of the development of Latin America and the Caribbean, and international co-operation in that field was more than ever necessary. In the difficult period during which Latin America and the Caribbean were consolidating and strengthening the democratic process, all the parties involved must assume responsible positions which contributed to the search for appropriate solutions to the problems of the region.

292. The representative of Spain, speaking on behalf of his country, then went on to say that his government noted with concern the critical economic situation of the countries of Latin America and the Caribbean. Spain, linked by identity and history with the countries of the region, could not remain indifferent to the economic situation of Latin America and the Caribbean, the countries of which faced the prospect of the forthcoming decades with an immense potential for development and modernization, although burdened by severe restrictions of all kinds.

293. The debt-servicing obligations and the changing trends of development finance had transformed the countries of the region into net exporters of capital, which further hampered the growth of Latin America and the Caribbean and created a macroeconomic context of insecurity and uncertainty. In order to overcome the obstacles which restricted the development of the region, there was need for concerted actions, based on the co-responsibility of creditors and debtors.

294. He recalled that Felipe González, head of the Spanish Government, had declared in his address to the Constituent Assembly of Brazil that it was impossible to resolve the problem of the debt with proposals that were exclusively technical and that it was necessary to take account of the political and social dimensions of the problem. Moreover, it was neither just nor reasonable to demand the payment of the debt if such payment was not made possible by sustained growth. The effort which Latin America had made to resolve that problem was generally recognized, but instead of being an obstacle, that effort should rather be an incentive for the process of democratization. In the solution of the debt problem, equity should be a common principle for all those who shared in that responsibility. The creditor countries should therefore seek to promote more favourable conditions in the international economy and, in that regard, Spain planned to negotiate a special programme with the World Bank and the International Development Association to co-finance development projects.

295. The Uruguay Round offered a unique opportunity for all the contracting parties to progress towards the liberalization of world trade and to contribute to the strengthening of the GATT system of trade standards. The debtor countries of Latin America and the Caribbean were called upon to make a significant contribution to that process of concerted action. In his view, finding a road to growth-oriented adjustment continued to be of fundamental importance in seeking medium-term solutions to the most pressing problems, including that of the modernization of the countries' productive structures, in the context of well thought out programmes of growth and effective

management, as a means of restoring a positive flow of financing towards the region.

296. Another of the fundamental challenges of the future in respect of which ECLAC was fulfilling a role of crucial importance was regional integration. However high the costs and sacrifices in the short term, the countries of Latin America and the Caribbean were called upon to play a key role in the world, using for that purpose the structures and mechanisms of regional and subregional co-operation. ECLAC had demonstrated yet again, 40 years after its creation, that it constituted an indispensable forum for the analysis and solution of the region's problems.

297. In conclusion, he recalled that in an interdependent world, as the King of Spain had so rightly said, co-operation in search of effective solutions to shared problems was required by reason and demanded by intelligence.

298. The representative of Aruba reaffirmed the commitment of his country and of the other parts of the Kingdom of the Netherlands to multilateral co-operation in the United Nations and to the role of ECLAC in that global process. In today's increasingly interdependent world, a global approach was required in order to implement coherent solutions to problems. ECLAC should co-ordinate the region's contribution to the preparatory activities for the new International Strategy for the Fourth United Nations Development Decade as well as to the follow-up to the report of the Brundtland Commission, entitled "Our Common Future". It was only by consultation that the region could address the problems of sustainable development.

299. A little more than two years ago, Aruba had been granted separate status within the Kingdom of the Netherlands, and it had spent the months since then strengthening relationships with its many friends, both old and new, throughout the world. Many governments in the region had faced economic crises, but it was the vision of those governments and the quality of their leadership that determined whether a country would recover and prosper, or become paralysed by fear and remain prostrate. Unlike many of the countries of continental Latin America which suffered from fluctuating commodity prices, monetary instability and debt, Aruba's main problems were in the area of transport and communications, and in the urgent need to diversify the basis of its economy, particularly its service sector. The closing down of the Exxon oil refinery had left 40% of Aruba's working class unemployed. However, bolstered by the self-confidence engendered by the country's new status and by its determination not to fail, the government had seized the opportunity to create a new and more stable economy. It had decided that accelerated development of the tourism industry was the first solution to the economic problems that faced the country, and today Aruba was witnessing a new era of affluence. Unemployment had dropped below 10% and the potential existed for full employment by the end of 1988. In addition, 17% growth had been recorded in the economy over the previous 12 months and about US\$200 million had been invested in new projects. A new sense of optimism prevailed which would propel Aruba into an era of economic stability and prosperity. The country was now turning to the second phase of its plan to consolidate the economy: the establishment of growth in medium- and small-scale industries, and the diversification of its service sector in order to guard against the booms and busts of a country dependent upon a single economic pillar.

300. Arubans came from 40 nationalities and spoke many languages. The country's strength lay in its international spirit, and it knew how to reach out and learn from its friends around the world. It was therefore with pride, hope and honour that it joined the prestigious group of ECLAC. The members of that group must flourish in order for the region as a whole to flourish. It was the people of the region who must prosper in order for the region's economies to prosper, and it was the duty of the governments to give all their people freedom in order for the region as a whole to be free.

301. The immediate emphasis of Aruba, a country in a hurry, was on concrete and pragmatic actions aimed at cultivating the seeds of prosperity which lay all around. It therefore intended to participate fully in the discussions and debates on important economic issues, especially at the subregional level through the CDOC, and it planned to follow the principle that any agreements concluded should be honest and fair, in order to guarantee that the lives of the region's children would be healthy, prosperous and free.

302. The Bolivian representative expressed the concern of the people and Government of Bolivia regarding the country's lack of access to the Pacific Ocean and the failure to properly apply the principle of free transit laid down in international agreements. In that connection he expressed his surprise at the findings of a study carried out by the ECLAC Secretariat on the integrated system of transport between Chile and Bolivia, which, in his view, reflected a partial approach that failed to take into account the observations made by the Government of Bolivia.

303. He also mentioned a number of situations which he described as abnormal, including the clear and constant failure to observe the United Nations rules regarding the equitable geographical distribution of ECLAC posts, the excessive centralization of the staff in Santiago, the lack of freedom of expression and of universality of thinking; and the violation of the Headquarters Agreement, as illustrated by the denial of a visa to a Vice-Minister of the Bolivian government attending a United Nations meeting in Santiago.

304. He therefore reiterated the statement made by his country's Minister of Foreign Affairs at the forty-second General Assembly in New York, at which he had requested the transfer of the headquarters of ECLAC and of its subsidiary agencies to other countries in Latin America where respect for democratic liberties and human dignity formed part of the common heritage. In conclusion the representative of Bolivia insisted that, pending the relocation of ECLAC headquarters, the necessary steps should be taken to effect an initial measure involving the decentralization of ILPES and CELADE and the reduction of the number of Chilean personnel occupying important posts.

305. The Executive Secretary of ECLAC offered to reply in writing before the end of the session to the points raised by the Bolivian representative regarding the conduct of the Secretariat. That reply would be delivered to the Bolivian delegation, but if the latter so requested it could also be circulated to the rest of the delegations. Apart from that, however, the Executive Secretary stressed that the Secretariat did not accept political pressures from any government whatsoever, that it strictly observed the United Nations rules on recruitment and personnel matters, that it tried to ensure

and that the staff of the Secretariat were imbued with a profound sense of their mission as international civil servants.

306. Speaking in exercise of his right to reply, the representative of Chile called the statement made by the representative of Bolivia a diatribe against Chile and said he would not follow him in that approach but would confine himself to clarifying some of the specific points raised in the Bolivian statement, noting that the allegations made concerning the domestic policy of Chile were out of keeping with the nature of the present meeting.

307. He then referred to the treaty which regulated transit traffic between Chile and Bolivia, which, as noted by the representative of Bolivia, had been supplemented by a number of conventions subsequent to its entry into force. Under that treaty, Bolivia was entitled to set up customs enclosures on Chilean territory, and it had chosen the cities of Arica and Antofagasta for that purpose. In that connection, he also mentioned the railway which ran between Arica and Bolivia, which had been built by Chile but was owned by Bolivia in all the Bolivian territory through which it passed.

308. An integrated transit system had been in force between the two countries since 1975, and after it had been in operation for 12 years, the Governments of Chile and Bolivia had jointly requested ECLAC to prepare a study on the way in which the system had worked. The ECLAC document highlighted the advantages of the system and the effective way in which it worked, and made recommendations for its further improvement. It was the recognition of the effectiveness and efficiency of that system which annoyed Bolivia and had led it to reject the ECLAC study and to level ethically unacceptable accusations against the Secretariat. He considered that the Bolivian allegation that the Chilean Government had exerted influence on the content of the document in question was, in his view, a most serious accusation against the ECLAC Secretariat, and in refutation of it he wished to pay tribute to the serious and independent nature of ECLAC's work and the professional integrity of the members of its Secretariat.

309. With regard to another point raised by the representative of Bolivia, he reminded the participants that there were no diplomatic relations between the two countries and that it was necessary to indicate the intention to make a journey before an entry visa to Chile could be granted. The incident occasioned by the delay in the granting of a visa to Under-Secretary Alderete, who was to attend an ECLAC meeting, had been due to lack of information concerning his post and the purpose of his journey and the problem had been solved as soon as that information had been provided, in strict fulfillment of Chile's obligations in respect of the Commission. He wished to reiterate that Chile had always abided by every aspect of its Headquarters Agreements with the various international organizations and, in particular, with ECLAC.

310. The representative of France underscored his country's interest in the region, as reflected in the intensification of its political relations with the countries of Latin America and the Caribbean. France supported the steps towards democratization taken by the governments of the region, as well as their efforts in favour of peace. It also desired to strengthen cultural, scientific and technical co-operation and to assist the efforts of the countries of the region to achieve development.

311. The principal problem facing the countries was the debt. In that respect, encouraging results had been obtained, especially through the adjustment programmes implemented by the debtor countries and the unprecedented mobilization of the international community in support of those efforts. France had contributed to that mobilization by denouncing the unacceptable nature of certain situations, calling for a broader sharing of responsibilities and promoting the establishment of new mechanisms designed to achieve more equitable solutions.

312. The debt strategy should essentially focus on the implementation of adjustment efforts by the debtor countries, on an endeavour by the industrialized countries to co-ordinate their economic policies so as to promote a generalized recovery of growth, and finally on an increase in financing to favour both the growth and the paying off of the debts of the developing countries.

313. The IMF and World Bank had a major role to play in that respect. The Bank should flexibilize the financial terms of its loans, while the IMF's financial role should be reinforced by revitalizing the Extended Fund Facility and establishing machinery to take account of external risks. Furthermore it, was necessary to replenish the funds of the IDB without delay. France encouraged the quest for all possible solutions to the problem of the unsecured debt in order to reduce its size. The representative also mentioned the need to promote private investment and the effort to consolidate maturities within the Paris Club.

314. Another serious problem facing the countries of Latin America and the Caribbean was that of the in-depth transformation of their economies. In that respect, ECLAC should continue to collaborate with the governments of member States. One of the principal measures which should be adopted in that field was undoubtedly the implementation or revitalization of the integration process, an arduous task which had to be carried out bearing in mind previous total or partial failures, as the European Economic Community had done. In that regard, the "Agreement on Argentinian-Brazilian integration" of June 1987 constituted a promising case of integration. The fact that a third country, Uruguay, had recently joined that venture showed how, starting from a basic nucleus, it was possible to develop an integration process by stages, exercising prudence and caution.

315. The representative of Panama drew attention to the grave crisis that was affecting his country, caused by the application by another State of coercive economic measures which were pushing the economy of Panama towards total collapse. Because of its particular economic characteristics, Panama was extremely vulnerable to a country in which it had placed its trust and which, by historical tradition, it had always considered a friend. On the basis of that confidence, the country had no Central Bank, did not issue any paper currency, and in it the United States dollar circulated freely, on the basis of an agreement signed in 1904. The flow of currency in circulation had now been obstructed, crippling the Panamanian banking system, which consisted of more than 120 banks with inter-bank deposits from almost all the countries of Latin America and the Caribbean.

316. The Panamanian economy had begun to suffer acutely from the force of the economic aggression in October 1987, when the bilateral external economic and technical assistance that had been committed in the amount of approximately US\$100 million was cancelled and the country was excluded from the benefits of the Generalized System of Trade Preferences. The embargo on the funds belonging to the National Bank of Panama and to other banks that operated in the country had led to the closure of the banking system in order to cope with the surge in demand by depositors seeking to withdraw their funds on account of the panic. In fact, Panama was totally cut off from the international financial system and could no longer import even the most essential consumer and capital goods. That situation had led to a drop of at least 50% in the country's economic activity and the unemployment rate had begun to rise, with the attendant serious social and political consequences.

317. Panama, a small country of two million people with an area of 75 000 km², had become a "threat" to a great and powerful nation and had been the victim of economic sanctions that destroyed its economy and undermined the basis for its economic and social development. The Government of Panama had denounced that situation in a document submitted to the Latin American Economic System (SELA). The Republic of Panama, in the face of that aggression, had had recourse to the solidarity of Latin America in order to overcome the grave crisis which it was facing, and Latin America had responded to it. At a meeting held on 28 March 1988 in Caracas, SELA had agreed to support Panama in its just cause, and the solidarity of Latin America had been expressed in the adoption of a decision that was accompanied by a list, in order to permit the member countries of SELA to give effect to their desire to provide material assistance to Panama. He concluded by reiterating his request for the support of the countries of the region in order to resolve the immense problems that beset his country.

318. After mentioning the contributions made by ECLAC to the region and to his country, the representative of Paraguay referred to the adverse external situation and its impact on Latin America and the Caribbean. In his view, the Great Powers were still acting in such a way as to cause stagnation and recession in the economies of the countries of the region, in spite of their rhetorical professions of solidarity. In that connection, he said that ECLAC must continue to play a leading role in the quest for arrangements which, together with national efforts, would make it possible to raise the living standards of the region's inhabitants.

319. There were three types of constraints on the development of Latin America and the Caribbean: world constraints characterized by the negative centre-periphery relationships; regional constraints, caused by the fact that the region's economies had centered their growth on the great metropolises instead of making joint use of their own market potential; and domestic constraints caused by the burden of the historical colonial development model and the demands imposed by the centres of power. Within that framework, he attached special importance to the external debt, which had already become a structural problem and constituted a danger for the peoples. Attempts to solve that problem should try to serve the best interests of all concerned within a framework of political concertation and co-responsibility.

320. The only valid approach for overcoming the constraints on development was the economic integration of the countries of the region, and in that connection he said there was a vital need to structure the great Latin American economic space, which called for powerful political support. Although the various attempts made so far to advance in that direction had met with some success, it had not proved possible to attain the sought-for objectives. It was not possible to approach economic integration on a purely commercial basis: it must instead be seen as a force for the integral development of the economies, and at the same time it was important not to apply inequitable rules, so that restrictive measures should not be taken in the field of international trade.

321. In that context, he called for more effective action to aid the relatively less developed economies, especially those within ALADI. With regard to the smaller economies, he mentioned the proposals made in respect of the immediate establishment of a free trade area, the establishment of a preferential investments policy and a development financing system at the area level, and the adoption of a regional technical assistance policy.

322. He then described the policies applied by his country at the domestic level to promote its economic and social development. He highlighted the Paraguayan government's accomplishments, mentioning, in the first place, the principles and guarantees contained in the country's Constitution, the creation of basic national institutions, and the exercise of democracy with separation of powers and free elections. He then referred to the achievements in the fields of education, health and social assistance; to the physical integration of the national territory, and finally to the recovery and use of natural resources through a process of agrarian reform. Since the 1970s the country had entered upon a phase of marked growth in the gross domestic product and per capita income, and it had been able to surmount the world crisis with controllable levels of inflation and unemployment and to meet its commitments punctually without adopting recessionary economic policies.

323. The representative of Chile analysed the Latin American crisis, described the achievements of the Chilean economy obtained through a process of domestic adjustment, and outlined the measures adopted, challenges faced and objectives pursued by Chile and by the region as a whole.

324. Latin America was in what could justly be described as a crisis situation. The clearest manifestations of that were the problems of the external debt, the lack of economic dynamism, acute inflation and the magnitude of the poverty affecting all the countries of the region.

325. The crisis was not a recent problem, nor was this the first time that a crisis had affected Latin America. The factors which had hampered the self-sustaining evolution of the countries of the region included: excessive State intervention; the constant unwillingness to participate in world free trade; the low propensity of the region's inhabitants for saving; the conceptual imprecision and excessive rhetoric with which the question of poverty was tackled; and the inadequate capacity for and scant importance assigned to scientific and technological research.

326. Chile had experienced similar historical conditions to the rest of the region. It had been buffeted by the oil crisis of the 1960s and the financial crisis of the 1980s. Its present circumstances, however, were apparent from the following facts: it had registered its fifth consecutive year of sustained growth of slightly more than 5%, and expected to achieve the same result during the coming decade; inflation had been under control for several years and had constantly remained below 20%; the rate of unemployment (approximately 8%) was the lowest of the last 15 years; and during the last three years the external debt had begun to decline as a result of debt-conversion mechanisms and strict compliance with payment obligations.

327. In the social sphere, the level of extreme poverty had fallen by approximately one-third in the last 15 years. The country had achieved unprecedented results in the sphere of exports and led the world market in a number of products in addition to copper. The private sector had been strengthened and ownership of various State enterprises had been transferred to it, with priority being given to workers in the firms thus transferred, who now owned shares and were represented on the boards of management. The public financial deficit was only 1.5% per year.

328. To sum up, Chile possessed a dynamic economy, strongly oriented towards exports, with price stability, a diminishing external debt, a sharp increase in productive employment, a number of regional development poles and manifest social progress. The crisis had thus clearly been overcome.

329. The key to that success was that Chile had sought the underlying causes of its condition as a developing country, and having come to the conclusion that the path to a genuine solution called for far-reaching structural change, it had consequently initiated the construction of a new institutional system to avoid repeating the age-old problems common to the region. That new institutional framework ensured a democracy which was politically stable, economically productive and socially just.

330. Some of the policies which had made it possible to overcome the crisis were: the definition of a set of rules which would remain unchanged over the long term; the protection of property rights; the maintenance of a balanced fiscal policy and independence of the monetary authority; the assumption of a subsidiary role by the State and a decisive opening-up to external trade. State action had been focused on extreme poverty, strong regional administrations had been established, resource allocation was carried out on a technical basis, a decisive thrust had been given to science and technology, and new mechanisms had been developed for managing the external debt. All that constituted, in the final reckoning, a specific and non-traditional development model. Great domestic political will was required, for without it there was no benefit to be derived from the availability of greater external resources.

331. In the international sphere, the developed countries had reacted to the domestic imbalance of their own economies in exactly the same way as they had urged the developing countries not to react 30 or 40 years ago. It was quite striking to observe the escalation of protectionism on the part of countries which had traditionally striven to demonstrate the advantages of free trade to the rest of the world. Chile had strictly complied with the Punta del Este

Agreement and the GATT rules, even though it had encountered external trade problems. For example, the EEC had introduced quantitative restrictions on Chilean apples and the United States discriminated against Chilean grapes. There were also indications that some countries and international financial organizations were adopting political criteria in their decisions. Should that become an established trend, it would merely make it more difficult to overcome the crisis.

332. With regard to ECLAC, the Commission had played and would undoubtedly continue to play an important role in the region. The characteristics of the world situation on the threshold of a new millennium would have been impossible to predict a few decades ago. The rapid emergence of biotechnology, artificial intelligence, robotics, and the indissoluble links between information science and telecommunications were some of the determining factors of a new era which every country of the region would soon have to face.

333. It was also necessary to grasp the significance of the new and growing quaternary sector of the economy and to meet the problems of adapting the educational system. The globalization of the world which was taking place was no substitute for action at the local, community and municipal levels. Ready-made recipes were no longer of any use, nor was the rational-comprehensive planning of the 1960s, or even conventional strategic planning.

334. The countries needed to adopt open models of strategic thinking and to establish open relationships offering multiple future options. Those were only a few of the many challenges calling for fresh ideas and creativity to deal with the tasks which the countries of the region, and of course ECLAC, would have to face in the coming decades. Those tasks included re-thinking the image and concept of the region for the twenty-first century, taking up the scientific and technological challenge, discovering new forms of strategic planning using systematic models, and grasping the nature of the quaternary economy. While it was essential to overcome the present crisis, it was also necessary to take up the challenge to construct a new future for the region, with the freedom to put forward fresh ideas and approaches quite distinct from those of the past.

335. The representative of Venezuela said that when the new government took office in 1984, the economy of Venezuela showed a drop in the product, a marked decline in investment, a high unemployment rate and an overvalued exchange rate which was obviously quite unsuitable for promoting the production of internationally tradeable goods. Given that situation, the government had been forced to make changes in and adjustments to the economic policy for the dual purpose of strengthening the external sector of the economy and establishing the bases for solid industrial and agricultural development.

336. Progress had been made towards achieving the first goal, through the implementation of a coherent set of policies which included the adjustment of the exchange rate in order to eliminate overvaluation and enhance the competitiveness of exportable Venezuelan products abroad, the renegotiation of the external debt, stimulation of the inflow of fresh foreign investment, and

access to foreign credit, giving preference to projects which yielded high returns and saved foreign exchange. In the achievement of the second goal of Venezuela's economic policy, namely, the strengthening of sustained development to enable the reactivation of aggregate domestic demand, fiscal policy had played a fundamental role, through the execution of an additional investment plan in 1985 and a three-year public investment plan which began in 1986. Similarly, current expenditure had been progressively adjusted through the elimination or reduction of superfluous or unnecessary outlays. As a result of the application of those policies, since 1985 the country had managed to register a steady growth rate, industry and agriculture had shown greater dynamism, and there had been reactivation of public and private investment. At the same time, the unemployment rate had dropped and foreign investment in the country had increased considerably.

337. With regard to the fortieth anniversary of ECLAC, which was being celebrated at the present meeting, it was worth noting that the economic policy advocated by ECLAC had contributed to the achievement of the 5.6% rate of increase recorded for 35 years in Latin America, as well as to the profound economic, social, technological and cultural changes which had been fundamental in transforming the agricultural and mining societies of the past into the economies of the present which were in the process of industrialization.

338. Nevertheless, today the world economic situation was adversely affecting Latin America's economies by limiting their development possibilities. The external debt situation had forced many countries to adopt adjustment policies that involved high social cost and considerably set back their development programmes. Moreover, the proliferation of protectionist measures in the developed countries was preventing the countries of the region from expanding their exports and from exploiting their comparative advantages to the maximum. In those circumstances, there was an obvious need to strengthen co-operation, as a way of overcoming the economic difficulties being experienced by the Latin American countries, reducing their vulnerability and improving their chances of contributing to the reform of the world trade system.

339. In conclusion, he extended to ECLAC on behalf of his Government an official invitation to hold the twenty-third session of the Commission in Venezuela.

340. The United States representative expressed his delegation's thanks for the hospitality offered, and extended his congratulations to the Executive Secretary of ECLAC on the assumption of his post. He said that the Commission could help all countries to focus their efforts on the difficult adjustments critical to economic development, greater private-sector contribution to growth and the development of strong capital markets in the debtor countries, and noted that direct relations and interplay between economic and political freedom constituted a basic tenet of his government's policy.

341. The 1980s has been marked by profound political change, with the replacement of dictatorships by democracies in 11 countries, as a result of which 90% of the peoples of Latin America and the Caribbean now lived under democratic régimes. His country and President were committed to the proposition that economic and political freedom were inseparably linked. The

failure of Statist models was apparent from any comparison with individual freedom of choice.

342. The task of the newly-elected democratic régimes had been complicated by the need to reduce and reorient the dominant role of governments, which had begun to see the need to shift towards market-oriented policies in order to permit their citizens to realize their true productive potential.

343. It was no accident that the current round of world trade negotiations, aimed at a major liberalization of trade barriers in agriculture and industry, bore the name of an ECLAC member country. The developing countries should clearly take the lead in this process of liberalization, and Latin America and the Caribbean had assumed increasingly important responsibilities in it, commensurate with their growing importance in world trade. The Uruguay Round was aimed at achieving the necessary adaptation of the international trading system to the profound changes which technology had brought into international economic exchanges. The United States was committed to resisting protectionist pressures not merely out of its own long-term interest, but because that represented the surest path to long-term self-sustaining growth for the developing world.

344. The region's debt problems were naturally of fundamental concern to the United States, which recognized the need for a strong co-operative approach whose basis was economic growth, backed by adequate financing for the needed comprehensive programmes of economic reform. The international strategy to address the debt problem was flexible and evolving, with the "menu" approach providing additional flexibility for both new financing flows and debt-conversion techniques. Although faster progress was desired by all, the results had been greater than realized, since World Bank figures indicated that the growth of the 15 major debtors had averaged 2.5% to 3% in 1987 as against 3% negative growth the year before, while export earnings had risen by 13% and imports by 7%. At the same time, debt-service ratios had fallen and capital flight had begun to be reversed. Despite the faltering in the growth of a few countries the previous year, it was expected that the implementation of sound economic reforms would ensure sustained growth in the future.

345. Policy prescriptions put forward were based on the recognition that the marketplace was the most efficient development model, and that required a sound macroeconomic setting with realistic exchange rates, greater fiscal discipline, market-determined prices, control of inflation and the reduction of the distortions preventing its functioning: tried prescriptions to which ECLAC should devote more of its efforts. The removal of price controls had repeatedly led to increased supplies, and the removal of bureaucratic constraints protecting existing firms would permit the entry of new ones, thereby creating greater economic benefits. The harsh experience of the 1980s had led to an emerging consensus that economic growth required a shift from the Statist approach: a consensus which it was believed would set the policy framework for the Americas in the 1990s. That process of change was sometimes painful; privatization was but one means of achieving the desired objectives.

346. The United States' willingness to assist efforts to encourage the flow of foreign investment was illustrated by its ratification of the newly-created Multilateral Investment Guarantee Agency, and it urged governments of the

region which did not yet belong to that agency to carefully examine the potential benefits of doing so. Finally, he noted, economic growth was dependent on international competitiveness. The benefits of import substitution were quickly exhausted, and attempts to live behind protectionist walls constituted a harsh sentence to economic stagnation and poverty.

347. The representative of the United Nations Development Programme (UNDP) said that the characteristics which had made ECLAC prestigious in the past were still present today and stressed the need for the region to find ways of achieving integral development based on a spirit of democracy and equity, developing its capacity for thought and its ability to make its thinking known.

348. The effects of accelerated technological change, combined with the more perceptible economic and social problems confronting the region, presented the governments with changing situations which were very difficult to predict and correct and led to a permanent state of instability and confusion. In the new round of negotiations embarked upon in Uruguay within the framework of GATT, stress had been laid on those pressing problems by including the services sector on the agenda of future negotiations, since it was undeniable that that sector was a predominant factor in the imposition of structural changes with unforeseeable repercussions. With the assistance of ECLAC, continued efforts would be made to provide financial co-operation and support to the countries in the GATT negotiations, to examine world policy options and to reactivate trade. ECLAC should continue to serve as the region's think tank and to design models for the future development of Latin America and the Caribbean.

349. The economic, social and political problems of the region, together with their solutions, were of an integral nature --a fact with which ECLAC had already concerned itself. UNDP was also very concerned about the conditions of extreme poverty in which large sectors of the population were living and about the possibility that that poverty would produce violent unrest. For that reason it was supporting the initiative of the President of Colombia to hold a conference on the eradication of absolute poverty, for which UNDP would act as the technical secretariat.

350. An integral approach should also be taken to adjustment models, since the future of the region depended on its own efforts: on its capacity to negotiate, to increase its access to new markets and to assimilate new technologies. By tightening the links between the regional institutions, especially those with technical capacity, it would be possible to put forward alternatives and adopt new approaches to negotiation in keeping with the characteristics and circumstances of each country. At the same time greater attention should be paid to the application of economic and political measures which would allow the Caribbean to become integrated with Latin America. The special plan of economic co-operation for Central America was an example of teamwork by the international community which had enabled it to break the vicious circle set up by the two crises --the political crisis and the economic crisis. ECLAC, OAS, IDB and SELA, together with UNDP, could make up an interagency group to review the list of social and economic issues confronting the region, to establish priorities, and to formulate guidelines for action in the 1990s.

351. The representative of the Organization of Eastern Caribbean States (OECS) thanked ECLAC for its continued support and mentioned the co-operation which his organization had received in connection with various activities, especially those to promote the customs union among its countries. Advisory assistance was also expected shortly in matters relating to the services sector. He added that he fully shared the ideals of the Commission and urged member States to give ECLAC their increasing support, so as to make it stronger and more efficient for the benefit of the peoples of the region. He was certain that if the discussions continued to be as intense as they had been so far, and if the climate of mutual respect was maintained, their success would be assured.

352. The representative of Nicaragua, speaking on behalf of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, said that the approach taken by the Secretariat in the document which had been the basis of the discussions was realistic and timely. The economic crisis in the region had become more acute and the outlook was bleak. He emphasized that it was contrary to the principles of social justice for priority to be given by the developing countries to external financial obligations, while attention to social problems was postponed.

353. He proposed that a political agreement should be reached among States and among leaders to find solutions to the economic problems of the region. It was now urgent that the stage of declarations should be replaced by political commitments, though a dialogue which should be open, frank and direct in order to reach agreement and overcome the crisis.

354. He summarized the efforts and progress made by the Central American countries to bring peace to that subregion: efforts which had intensified with the fulfilment of the commitments deriving from the Esquipulas and Sapoá agreements. He repeated Central America's position rejecting the use of economic power as an instrument of political pressure and launched an urgent appeal for the immediate removal of economic blockades and other forms of coercion, which prevented the balanced development of the region.

355. He recalled the adoption of the immediate Action Plan, which outlined an order of priorities for international co-operation, and the decision set forth in the "Acapulco Pledge" of the Group of Eight to assist Central America. Mexico, he added, had arranged a global co-operation programme. He announced the formulation, jointly with UNDP and ECLAC, of a Special Plan of Co-operation for Central America, to be submitted to the General Assembly in the coming weeks, and added that the support of the international community --especially through speedy mechanisms to ensure timely co-operation-- was now more essential than ever.

356. The representative of the Federal Republic of Germany (the country currently occupying the Presidency of the European Economic Community), speaking on behalf of the Community and its 12 member States, laid stress on Europe's commitment to the furthering of political, economic and trade relations with the countries of Latin America and the Caribbean and the measures taken to achieve that objective. The successful outcome of the Ministerial Conference recently held in Hamburg had demonstrated the capacity for reinforcing co-operation and the commitment of the European Community and

its member States to set the stage for durable economic development by helping promote internal and regional peace. The European Community and its member States welcomed and supported the priority being given by the countries of the region to economic and trade reforms, the development of competitive and open economies, and regional and subregional integration for overcoming their present economic crisis in ways that strengthened economic growth, social stability and justice, and the democratic process. For its part, the European Community was taking an active part in promoting the success of the Uruguay Round multilateral trade negotiations, inter alia, by pursuing structural adjustments in the area of agriculture consistent with the roll-back of protectionist trade barriers and mutual trade liberalization, and by submitting a formal proposal with respect to trade in tropical products. It actively promoted access by the exporters of the region to the European Community market and it was implementing a new approach to industrial, technological and financial co-operation. In conclusion, he expressed the strong hope that this fortieth anniversary of ECLAC would mark the beginning of a new era of steady political, social and economic progress for the countries of the region.

357. The representative of Cuba said that what had been perceived by the Western powers at the beginning of this decade as a recession had turned out to be, in fact, the most profound, prolonged and widespread economic and social crisis that the underdeveloped world had suffered in the last 50 years.

358. In evaluating the subject of the restrictions on sustained development in Latin America and the Caribbean, he said that the factors of external origin that had been mentioned in the documents submitted, which were no more and no less than the prevailing unfair international economic relations, were the result of the neocolonial dependency which the major Western powers had imposed by force. The latter were avoiding their historical responsibility to help the countries of Latin America and the Caribbean to secure a change in those relations to others which were favourable to the region. Thus, they imposed on the countries distorted economic structures of dependency which had impeded a process of sustained development. Sectors of major importance, such as agriculture and industry, had been seriously affected by these problems, some of which were inherent in the productive structures prevailing in the region, while others were derived from the crisis in the world economy.

359. In that connection, he indicated that the agricultural sector had been unable to cover even the basic food needs of the population because of the land tenure structure, which was characterized by a widespread minifundista peasant economy that was technologically very backward and existed side by side with large agricultural enterprises owned by transnationals and huge under-exploited latifundios. The industrial sector, for its part, continued to be affected by its marked technological and financial dependency, by the contraction of national markets and by the excessive bias towards exports. The factors described above were the source of permanent unemployment, low indices of economic growth of both the gross national product and per capita national income, inflation, and other permanent features of the Latin American and Caribbean economies, all of which brought in their wake hunger, poverty and backwardness.

360. From the documents presented by the Secretariat at the meeting, it could be inferred that this had been a lost decade in the development of Latin America and the Caribbean. The total amount of the region's external debt already came to the impressive figure of US\$410 billion, that is to say, more than 40% of the total accumulated debt of all the underdeveloped countries. Debt servicing payments had absorbed virtually one-third of the region's domestic saving between 1983 and 1987, forcing a decline in productive investment and weakening even further the chances of future growth. As a response to the crisis of indebtedness and the social drama of our peoples, the international financial capital, through the International Monetary Fund, had imposed recessionary policies, with the well-known aim of ensuring the recovery of the increasing debts, regardless of the economic and social deterioration that such policies might entail.

361. The Committee of High-Level Government Experts, meeting in Trinidad and Tobago on 1-3 March 1988, had recognized in its draft declaration that "the assumptions on which the adjustment programmes and policies resulting from a large number of the debt renegotiating agreements were based, and which assumed that the international economy would evolve favourably, have become unrealistic". Repeating once again that "the external debt cannot be paid under present circumstances without sustained economic growth", the draft declaration stated that "our countries are unable to continue to subordinate their development to the fulfillment of financial commitments entered into under extremely different external circumstances to those of the present". Despite the seriousness of the problem of the external debt, its final solution, which was urgently demanded by the countries of the region, would not be enough to eliminate the structural distortions in their economies, and even less so, to restructure in a satisfactory way the present unjust system of international economic relations.

362. The countries of Latin America and the Caribbean could not find a genuine path to development if protectionist pressures in the trade sphere continue to increase, if the prices of the region's commodities continued to fall, and if their limited markets were snatched away by nefarious trade practices. In the financial sphere it was also necessary to eliminate fluctuating exchange rates, high real rates of interest and capital flight to the developed capitalist countries, whose transnational capital had pillaged and plundered the scant resources of the countries of the region.

363. The principal device in that complex and harmful trade and financial set-up, often denounced but nonetheless still present, was the imperialistic economic policy of the United States government. That government was now attempting to break the will of the Panamanian people by means of coercive measures designed to destabilize the country, endeavouring once again to undermine the validity of the Torrijos-Carter Canal Treaties. At the Sixth Extraordinary Meeting of SELA the countries of the region had rejected those coercive measures applied to Panama and urged the United States to immediately revoke them. More recently the Group of 77, meeting in Belgrade, and the Steering Committee of the Movement of Non-aligned Countries, meeting at United Nations Headquarters, had also endorsed that just demand of the countries of Latin America and the Caribbean.

364. The representative of Cuba reiterated his country's support for the people of Nicaragua and for its Sandinist government in their struggle for peace and development. Through the Esquipulas II agreements and the current process of negotiations, that heroic people had given proof of their desire to reach a negotiated solution to the armed conflict in their country encouraged, directed and financed by the Government of the United States. To talk of peace was to promote the path to development, on account of the indissoluble bond between both concepts. The peoples of the region were confident that the resources liberated by disarmament would be devoted to the noble task of helping them to leave underdevelopment behind. An increase in the resources of the international financial agencies, which should furthermore be made available without discrimination or political conditions, was another general request put forward by the region as a brake on the excessive stress now placed by some countries on bilateralism.

365. The representative of the United States, in exercise of his right of reply to the statement by the representative of Cuba, said that the Latin American and Caribbean region was facing difficult economic and financial problems and that his delegation had come to the ECLAC session to address those problems. ECLAC could and should play a constructive role in designing constructive approaches. His delegation recognized that the dignity and the professionalism of the delegates present deserved the careful, considered and full attention of all participants on those economic issues. Despite the persistent effort of a single delegation to politicize the discussion, the United States delegation would continue to address the economic issues before the meeting in order to support the economic and social development of the region.

366. The representative of Jamaica paid tribute to the past achievements of ECLAC in its 40 years of existence, welcomed the admission of Aruba, and warmly praised the hospitality of the Brazilian government and people. Turning to the basic document before the meeting, he said that he was disappointed that more attention had not been paid to the experience and special problems of the Caribbean and expressed the hope that in future a better balance could be achieved.

367. The debt burden was the major obstacle to sustainable development and ECLAC had made a useful contribution in helping governments to come together to deal with that problem. The challenge facing the region was to find further initiatives which would provide the debtor countries with the opportunity to develop their economies, since the available menu of options failed to address the core of the problem.

368. Jamaica was pursuing the idea of debt capitalization, and in 1987 a debt conversion unit had been established in the Bank of Jamaica. Because the present initiatives at the international level to deal with the debt had not adequately addressed the problems of middle-income countries, his country was therefore pursuing its own initiative, which called for the establishment of a new loan instrument which would have the same effect as the rescheduling of the debt.

369. Another innovative scheme was the one devised by Mexico, the United States Treasury and Morgan Guaranty, the bankers. Thus new ground had been broken, since the outstanding debt was to some extent linked to capacity to pay. As the developing countries had repeatedly pointed out, debt servicing should be linked to export earnings. However, countries could not achieve dynamic and sustained economic growth until the problems of the world economy in general had been addressed.

370. The developed countries' average growth of 3% in 1987 was still not enough to stimulate growth in the world economy, and many Latin American and Caribbean countries had suffered continued deterioration of their economic situation. The growth of 2.6% recorded by the region as a whole occurred in only a few countries (including Jamaica). Jamaica had endured years of painful structural adjustment but had now begun to experience lower inflation rates and real economic growth. In order to check their economic decline, the countries of the region would have to depend more on themselves and with the assistance of ECLAC and SELA they must seek to increase the level of regional co-operation. The Buenos Aires Plan of Action and the Caracas Programme of Action were useful tools in that endeavour, but will and determination were needed to implement them. It seemed that technical co-operation was being de-emphasized because attention was being focused on the problems of the world economy, and he therefore urged renewed interest in and practical support for economic and technical co-operation among developing countries.

371. The United Kingdom representative stressed his country's strong ties with the ECLAC region and its wish to strengthen them bilaterally and through the European Economic Community. The session was timely: it should be guided by the outcome of the recent IMF/IBRD meetings and the "evolving co-operative response" agreed at UNCTAD VII.

372. He said that the industrialized countries accepted responsibility for improved management of the world economy, and he noted some positive developments in inflation and interest rates, and a small improvement in commodity prices. He accepted, however, that more needed to be done to reduce trade imbalances between industrialized countries, to reduce protectionism, and to cut agricultural subsidies. Progress must be made in the current GATT Round. The 1980s had seen revolutionary changes in the United Kingdom through recognition that "the business of government is not the government of business". A new spirit of enterprise and sound economic management had led to a period of unprecedented sustained economic growth.

373. Turning to the debt problem, he noted the fall in resource flows but believed there had been positive developments: the US\$75 billion General Capital Increase for the World Bank and changes in the IMF's facilities to expand the scope of compensatory finance, to provide a longer framework for development, and to help the poorer countries. The United Kingdom wanted to see an early capital increase for the IDB. The commercial banks were now stronger, and more willing to agree market solutions to reduce debt: e.g., debt/equity swaps, exit bonds, debt buy-backs.

374. Individual governments must decide their own domestic reforms, but a new spirit was moving in the region: there was a reassessment of the role of State enterprises and recognition that bureaucratic constraints could stifle

enterprise, that realistic exchange rates were needed, that subsidies and excessive fiscal deficits fueled inflation, and that foreign investment was important in generating economic development and employment and in providing access to high technology. Multinationals were not necessarily a threat: British companies had a reputation for probity, good management, and respect for the environment. Private companies, which could choose where to invest, needed a non-discriminatory environment with clear rules. He supported regional integration; the emphasis should be on trade creation both within and outside the region.

375. He stressed that ECLAC should give weight to the problems of the Caribbean. The smaller islands were vulnerable to external shocks, and had little opportunity to diversify. Nevertheless the United Kingdom was helping those countries to diversify through its aid programme, and recognized their need for access to markets. ECLAC should remain open to new ideas so that it could guide the region through a period of modernization and stronger growth.

376. The representative of Canada began by expressing the best wishes of the Secretary of State for External Affairs, Mr. Joe Clark, to ECLAC on the occasion of its fortieth anniversary and by welcoming Mr. Gert Rosenthal as the new Executive Secretary of the Commission.

377. The experience of the past 40 years had shown that economic growth did not by itself constitute development and that genuine development i) must involve many sectors of the economy in tandem, ii) must address the needs of all citizens, and iii) must be supported by co-ordinated regional and global economic policies. ECLAC had played a major role in delineating development strategies for the countries of the region that met those needs.

378. While co-ordinated responses to the international debt crisis, combining economic adjustment with new lending, had succeeded in stabilizing the international financial system, indebted countries of the region had had less success in returning to sustained growth. Debt fatigue was apparent in both debtor and certain creditor countries. Capital increases for the multilateral institutions had been one effective response to the prolonged debt crisis. Other effective responses had been innovative debt conversion techniques and economic adjustment programmes geared to the needs of the poorest. It was in the interest of both debtor and creditor countries that measures which reduced debtors' burdens should not jeopardize their voluntary access to international capital markets. The success of such measures depended on the larger economies' ability to co-ordinate their policies in order to achieve stable non-inflationary economic expansion. Canada had engaged in wide-ranging consultations with the ECLAC member countries on those issues prior to the forthcoming Toronto Summit.

379. The active participation of developing countries in the Uruguay Round --in particular to reverse the deterioration in world agricultural trade-- would be critical for the region's future prosperity. Canada was exploring practical ways to support the further participation of developing countries in the Uruguay Round. Finally, he reiterated Canada's support for the Central American peace process and the commitment made by the Canadian Prime Minister to support any political initiative in Central America which would contribute to the self-determination of its member nations and to the stability of the region.

380. The representative of Norway focused in his statement on the Report of the World Commission on Environment and Development, which had been submitted to the General Assembly at its forty-second session, had received wide support at that session and had been the subject of a resolution adopted by the Assembly. In that resolution the report had been transmitted to governments and international organization to serve as a guide in determining their policies and programmes.

381. The integration of environmental considerations should also take place at the level of international organizations, and it was hoped that the United Nations would provide guidance in that regard. A meeting would be held in Oslo in July 1988 to discuss the international follow-up on the Report and another would be held on the same subject in 1990. The regional economic commissions had an important role to play with regard to follow-up action, and he was happy to note that ECLAC was about to adopt a resolution in that connection.

382. The representative of the Federal Republic of Germany said that the central objective of his country's foreign trade policy was to strengthen the system of multilateral free trade, and Germany would actively advocate a constructive approach on the part of the EEC at the Uruguay Round of GATT. He noted that the countries of Latin America regularly achieved a considerable surplus on their trade with his country, which was naturally to the benefit of that highly regarded region. The Federal Republic of Germany was willing to import even more Latin American products, and invited the region to diversify its supply of goods beyond raw materials and agricultural products.

383. He concluded by remarking that his country attached great importance to direct investment, which contributed to the economic development of the region and to the reduction of indebtedness, and stressed that a solution to the external debt problem could only be found through a co-operative approach.

384. The representative of the Latin American Economic System (SELA) described the new lines of action of that body designed essentially to rationalize and co-ordinate the activities of the regional bodies, to avoid unnecessary and costly duplication of efforts, and to make better use of the resources in order to deal more effectively with the real needs of Latin America and the Caribbean.

385. The region was affected by a crisis of such magnitude that it could endanger the sovereignty and development of the countries. The two most crucial issues were the debt and the obstacles to the region's trade. Efforts to find a solution to the complex problems deriving from the debt should be based on international co-operation and, of necessity, on the efforts of the region itself. The payment of the debt likewise called for conditions of equity which would enable the countries to fulfil their priority commitments: the well-being of the peoples and the ensuring of development. Within that context, the countries of the region should propose suitable conditions for an appropriate renegotiation of the debt, resorting to concertation rather than confrontation.

386. With regard to trade, the Uruguay Round had represented a great advance compared with previous exercises, but much still remained to be done in four main fields: trade liberalization, elimination of measures and instruments

which were incompatible with the General Agreement on Tariffs and Trade, achievement of equilibrium by the countries in the monetary and financial areas, and the attainment of concrete results as regards the link between the debt and trade. SELA was working actively on the issues of both the debt and trade, and the countries could count on its support in seeking to find solutions in keeping with the heightened historical and cultural identity of the region.

387. The representative of Uruguay, after welcoming the accession of Aruba as a new associate member of ECLAC, said that the celebration of the fortieth anniversary of the establishment of the regional body was a suitable moment for looking back over its achievements and failures in order to unite criteria regarding the best formulas for tackling the severest crisis suffered by Latin American and the Caribbean in the whole of the present century. Over that dramatic period, the region had ceased to grow, the per capita product had dropped back to its 1978 level, there was a high level of open unemployment, investment had fallen, external trade had diminished, inflation had become more intense in some countries, there was a clear deterioration in the terms of trade, and the region had transferred almost US\$150 billion of resources to the exterior. That crisis had caused unprecedented economic and social upsets in the region, which also represented a danger in the political field.

388. He said that it was generally agreed that there were external and internal restrictions on the growth of the region, as clearly reflected in the Secretariat document. The variety of situations existing at present was as numerous as there were countries in the region, but there was a lack of recognition of the irreversible changes which had taken place in the basis and the structure of the world economy. Outstanding among those changes were the growing gulf between manufacturing and primary commodities (except petroleum); the widening gap between production and employment in the industrial sphere as a result of advances in microelectronics and information processing, and the separation between the trade in goods and services and the international financial system.

389. Turning to the problem of the external debt, which now amounted to over US\$415 billion, he said that it represented the greatest obstacle to achieving a solid positive adjustment for the purpose of resuming growth and diversification of the productive system. The countries of Latin America and the Caribbean had to face depressed prices for their export products, an excessive debt-servicing burden and very low levels of financing, while the transfers of resources to the exterior continued. With regard to international trade, he said that although some progress had been made in the negotiation rounds and the range of solutions had been widened, there was still no sign of a multilateral, systematic and integrated solution to the problem of payment of the debt through shared economic growth, an increase in financing, and the elimination of protectionist barriers from trade. With regard to the urgent task of arranging the ambits to be covered and the forums to be used, he felt that the suggested formulas and recommendations put forward by the eight Latin American Presidents meeting in Acapulco formed a suitable basis for beginning the negotiations in that field.

390. He emphasized that it was necessary to be on guard against two dangers: that of oversimplification, which sought to force reality into a predetermined scheme, and that of easy generalization, which sought to further the belief that the many common problems of the region formed its total reality, whereas in fact every country, region or subregion displayed its own particular real situation. What was needed was a change of approach in order to consider the real situation of the Latin American region in the world, rather than visualizing the international situation from the viewpoint of each country's own conditions and problems. Courage and ambition were needed in order to tackle the opportunities that presented themselves, in order to formulate flexible strategies and soundly-based macroeconomic proposals, and it was also necessary to shoulder the risks implicit in the new form of international insertion of the countries of the region.

391. The representative of Trinidad and Tobago, after welcoming Aruba as a new associate member of ECLAC, said that he wished to place on record at the present session, which marked the fortieth anniversary of the regional body, Trinidad and Tobago's grateful acknowledgement of the valuable work carried out by the Commission since it had been set up. He made special reference to the recent meeting of CEGAN in Port of Spain, which had adopted a Declaration mentioning the imbalances and disparities suffered by member countries as a result of external events in the world economy. He said that after 40 years it was necessary to review ECLAC's mandate in order to seek new ways of mobilizing resources in order to give a more tangible and concrete expression to the programme of work of the Commission.

392. He referred to the change of name of the Commission in order to include the Caribbean countries, and said that this was a positive event which brought out the importance of the Caribbean subregion, whose countries shared a situation of geographical, cultural and historical proximity with the rest of the region, for the establishment of new mechanisms and forms of co-operation.

393. With regard to the world economic situation, he said that Latin America and the Caribbean faced grave difficulties, above all because of the rapidly growing problem of the debt, which stood at almost US\$410 billion at the end of 1987 even though its rate of increase had gone down somewhat over the last four years. The magnitude of the debt meant that the region had to assign 30% of its export earnings solely to the payment of interests. The restrictions imposed by some industrialized countries on international trade further aggravated the problem for the region, and it was essential to find a solution to it, beginning with the restructuring of the monetary and financial systems, in order to achieve a viable new international economic order. He also said that one of the great concerns of Trinidad and Tobago was the loss of the multilateral nature of the international financial institutions.

394. Turning to the domestic situation in Trinidad and Tobago, he said that the country's economy had been affected by the fluctuations in oil prices, and in order to tackle that situation the government had embarked on an investment plan in order to achieve a structural transformation of the economy within the framework of a broader foreign investment policy. Finally, he said that Trinidad and Tobago was keenly interested in the programme of work of ECLAC for the biennium 1990-1991, especially with regard to activities in the field

of food production, agriculture and international trade, as well as support for regional economic co-operation. His government would give the fullest support to the activities proposed for the Subregional Headquarters of ECLAC for the Caribbean, since they were aimed at furthering co-operation among the countries of the subregion.

395. The representative of Peru said that in the current decade the economic crisis had brought about the stagnation of the development process in Latin America and the Caribbean, with such dramatic consequences for the economies of the region as the aggravation of social problems, internal and external structural imbalances, and a threat to the consolidation of democratic processes. Despite all the efforts made by the region, its capacity for reaction had been reduced, *inter alia*, by the uncertainty regarding the behaviour of the international economy, the deterioration in the terms of trade, the drop in commodity prices, high interest rates, and the instability of the exchange and financial markets. That situation, further complicated by the trade and fiscal imbalances of the greatest economic power in the world and by the negative effects on the possible resurgence of inflation in that country, further aggravated the situation of a world economy in the midst of a process of change, in which a new international division of labour was taking shape which would involve a change in the form of international insertion of Latin America and the Caribbean.

396. Overcoming the crisis and reactivating development necessarily called for a global and permanent solution to the external debt problem, since it was impossible to grow and develop while at the same time servicing the debt. It was essential that the debt should be adjusted to the payments capacity of each country and that the net transfer of resources from the region to the developed world should be reversed.

397. With regard to the economic policy of Peru, its fundamental objective was to improve the quality and standard of life of the population, as was reflected in the national development plan for the years 1986-1990. The application of the emergency programme had given immediate positive results without diverting attention from the vital needs of the population. Briefly, that medium-term programme consisted of an economic reactivation strategy, substantial selective investment, the generation of foreign exchange savings, and the restructuring of the system of production and of patterns of consumption. The Peruvian strategy was based on equity and social justice and oriented towards the social dimension of development.

398. The representative of Guyana expressed his satisfaction at the admission of Aruba as an associate member of ECLAC and paid tribute to those who had rendered distinguished services to the Organization over the last 40 years, especially Raúl Prebisch and Enrique Iglesias. He also congratulated the Secretariat on the documentation prepared by it, paid tribute to the valuable work of the Latin American Demographic Centre, from which Guyana had itself benefited, and joined those delegations which had expressed their gratitude to the United Nations Population Fund and to the Governments of Canada, France and the Netherlands for the support provided.

399. Noting that the characteristics of the international economy were foreign to those of the economies of Latin America and the Caribbean, he called upon the ECLAC members to promote changes in the international economy at the institutional level and at that of the developed countries or groups of countries, stressing that measures in the international sphere must be accompanied by the adoption of effective domestic policies within the national economies. In that respect, he noted that Guyana had adjusted the value of the Guyana dollar in 1987 and followed a policy designed to allow the public sector to work with a surplus, since otherwise that sector faced the prospect of closing down or divesting itself of its interests.

400. He said that Guyana welcomed private foreign investment under the foreign investment policy adopted by the country, and talks were being held with the International Monetary Fund with a view to reaching an agreement with that agency. Finally, he said that between the international and national levels, there was the regional level, which offered prospects for greater co-operation and integration through the efforts of the developed and developing countries to achieve greater progress. If efforts were not made in that direction, the result would be stagnation which would adversely affect all concerned.

401. The representative of Ecuador said that the region was facing a crisis so severe that it affected not only the economic and fiscal structure of the countries but even their social organization, so that it was essential to make a complete study of the structural realities in order to design a new order inspired by the principles of international solidarity and social justice. Emphasis should be placed on the climate of urgency within which ECLAC had to assume the serious responsibility of analysing the complex strategies needed to overcome the crisis without neglecting the balanced and sustained expansion of development.

402. The external debt, which had become the main cause of the crisis, represented the loss of practically a whole decade of development effort. Since the principle of the co-responsibility of creditors and debtors had been accepted, there could be no question of sacrificing the minimal social welfare of nations, consequently, mechanisms should be devised to solve the problem as soon as possible without medium- or long-term adjustment programmes.

403. Inflation was also a serious hindrance to the development of the region, and in that phenomenon too there were factors of an external nature at work which must necessarily be tackled through co-operation.

404. He congratulated ECLAC for the work it had done during the past two years, which represented an important contribution to change and to economic and social development in Latin America and the Caribbean. He also appealed to ECLAC to intensify its efforts to find ways of saving the people of Latin America from further deterioration in their social and human conditions. Finally, he urged the strengthening of technical and economic co-operation among developing countries, with the aid of UNDP and the other United Nations agencies, the OAS, and the governments of the developed countries.

405. The representative of the Council for Mutual Economic Assistance (CMEA) said that the member countries of CMEA collaborated with the developing countries in economic, scientific and technical matters on the basis of equal

rights and mutual benefits, and hundreds of industrial enterprises and other projects had been or were being constructed in the countries of Latin America and the Caribbean with the assistance of the countries of the socialist community. He made particular mention of collaboration in the construction of electric power stations, in prospecting for and exploiting deposits of fuel and raw materials, in manufacturing, the iron and steel industry, agroindustry, public health and in the development of the infrastructure of a number of Latin American countries. The CMEA countries gave assistance to the Latin American nations in the training of national cadres for key sectors of the economy, and he said that in 1987, almost 12 000 persons from over 30 countries of Latin America were following courses of study in training centres in the CMEA countries.

406. Although trade between the CMEA countries and those of Latin America and the Caribbean was not as yet on a very large scale, the CMEA member countries were anxious to collaborate in development programmes, to the best of their abilities, with the relevant regional bodies with which they had close relations, such as ECLAC, SELA, the Latin American Energy Organization and the Andean Group. After referring briefly to the CMEA's almost 40 years of contribution to the promotion of collaboration among its member countries and the progress achieved by those countries in their economic and social development, he reiterated that the CMEA member countries, in keeping with their policy of peaceful coexistence among States with different social systems, strongly supported the promotion of collaboration with all countries, including those of Latin America and the Caribbean, since they were sure that that would help the cause of peace and progress in the entire world.

407. The representative of the Inter-American Institute of Agricultural Co-operation (IICA) said that at the last conference of Ministers of Agriculture of the Hemisphere, held in Ottawa, Canada, in September 1987, the Institute had been given the mandate of co-operating with the governments and bodies of the region in the execution of a plan of action for the reactivation of agriculture in Latin America and the Caribbean. He emphasized the substantive and strategic role that agriculture could play in the recovery of the economies of the countries of the region and in the struggle against poverty and against lack of security in food supplies, which was a problem that had grown alarmingly in Latin America and the Caribbean in the recent years of recession and economic crisis. He reaffirmed IICA's confidence in the continued and further-heightened validity of the thinking of CEPAL: a lively and trail-blazing contribution which should be of great benefit to all the peoples of Latin America and the Caribbean in seeking economic and social progress.

408. The representative of Haiti, after welcoming the admission of Aruba as a new associate member of the Commission, paid tribute to ECLAC on its fortieth anniversary and noted that Haiti's participation in the session had a particular significance. Notwithstanding the difficulties which that country had been experiencing, the authorities now in power had continually striven to restore democracy and peace in the country, and as that effort could not be maintained without development, Haiti needed the support of friendly countries and international bodies in its constant struggle for development, for which reason it urged all those countries which were still holding back to cease questioning the true validity of democracy in Haiti and to renew their assistance for the country.

409. The representative of Suriname, after expressing his thanks to the host country and the Secretariat, referred first of all to the situation in his country, noting that in forums such as ECLAC Suriname sought to correct the distorted images given in the media and instead to provide the international community with a truer and more realistic picture. He said that in November 1987, the first elections in the last 10 years had been held, on the basis of the new Constitution adopted by referendum in September of that year. Those elections had made it possible to form the National Assembly and elect the President and Vice-President of the country. He considered that those events were very favourable, since they put the nation on the road to participative democracy based on the existing power structure.

410. He said that the current economic situation of the country was unfavourable, due to the sharp drop in alumina and bauxite prices between 1981 and 1987, with the consequent loss of foreign exchange; to the suspension by the Netherlands of its aid programme, after accusations that human rights had been violated by the military, and to the destruction wrought by terrorist acts. The economic picture, he said, was characterized by a sharp rise in the level of domestic and external indebtedness, a rapid increase in inflation and high levels of unemployment, shortages of food and of medicines for most of the population, and the existence of a widespread black market with the consequent socio-political repercussions.

411. In view of that situation, the new government had outlined a programme to be carried out in three stages: firstly, an emergency programme supported by the Governments of Brazil and the Netherlands; secondly, a stage aimed at the recovery of the national economy, and thirdly, a stage of long-term planning designed to achieve sustained growth. Meanwhile, relations with the Netherlands were being normalized, aluminium production was being resumed and on the initiative of the Council of Christian Churches, the necessary steps were being taken to begin peace talks with the rebel forces. The work of ECLAC was naturally of great importance for the country in its present situation, especially in two aspects. The first of those was planning, which would be indispensable in order for the possible flow of external assistance to be translated into growth possibilities (in that respect, he indicated his country's interest in maintaining close contact with the activities of ILPES), while the second aspect was the availability of data, for which purpose he considered that an ECLAC data bank was necessary.

412. Finally, he said, Suriname wished to take part in the regional co-operation and integration efforts, which could only be successful, however, if there was peace in the region. He expressed his country's support for the regional efforts being made in that respect, and appealed for the human and material resources of the countries not to be wasted on sterile warlike activities.

413. The representative of the Soviet Union said that ECLAC was one of the most significant forums of the United Nations. With regard to the present critical situation of the region, he suggested various mechanisms that could be applied as a matter of urgency to enable the countries to tackle the problem of the external debt, noting that it might even be desirable to call a special international conference to analyse the topic, with the participation of all the interested parties.

414. In a broader context, steps should be taken to carry out a thorough-going restructuring of the entire system of international economic relations and of the unjust international monetary and financial system, together with measures to democratize the international monetary and financial organizations. A matter of great concern was the rapid spread in the countries of the region of the "social debt", which already affected tens of millions of poor people.

415. His country supported measures aimed at changing the situation which had been created, doing away with protectionist barriers and discriminatory practices in international trade, and combating the use of trade as a means of political pressure, and it was warmly in favour of the creation of conditions which furthered the harmonious growth of international trade and economic links.

416. The objective of overcoming the serious economic problems was intimately connected with the need to consolidate international peace and security, since there was a very clear link between disarmament and development. In that respect, he highlighted Mikhail Gorbachov's recent proposal to set up within the United Nations an international fund called Disarmament for Development, open to all States and designed to ensure the transfer of the resources freed by the disarmament process to the countries which needed them.

417. Although his delegation was pleased at the intensification of high-level bilateral political contacts, it was obvious that the potential for co-operation between the Soviet Union and the countries of the region was not being fully used. He also hoped that closer contacts could be created between his country and the integration groups and other programmes of multilateral regional co-operation.

418. The representative of Saint Vincent and the Grenadines said that in order to overcome the present crisis, the countries of the region should develop their domestic markets and establish closer co-operation and trade links among themselves, as well as co-ordinating their efforts to penetrate the markets of the developed countries. It was also necessary to establish financial and other mechanisms which would create confidence within the region, since the capital flight was a clear demonstration that the region's own peoples did not have confidence in it. He added that development could only take place in an atmosphere of peace and justice, without which there could be no real development nor democracy.

419. After mentioning some alarming statistics on infantile mortality, housing conditions and unemployment and underemployment, he referred to the threat raised by the drug trade. The nations of Latin America and the Caribbean must unite their efforts to eliminate that threat. Furthermore, all co-operation must be denied to any government which helped in the drug trade. He reiterated the need for all the nations of the region to unite in the elimination of illicit drug trafficking, which threatened to destroy their societies, and recalled that the future of the region lay in the hands of its peoples and that what they did today would determine the type of society that their children would live in in the future.

420. The observer from the International Monetary Fund said that after the debt crisis in 1982, many Latin American countries had made great efforts to overcome the problem, although difficulties still persisted, especially as regards levels of investment, which were below those needed to attain satisfactory and lasting growth rates. It was extremely necessary to continue with the adjustment programmes aimed at securing sustained growth in order to reduce macroeconomic imbalances and eliminate rigidities and distortions in the economy, so as to promote capital formation and improve the efficiency of resource assignment.

421. The application of such programmes by the debtor countries was a decisive factor in the co-operative strategy to tackle the debt problem. That strategy, which continued to be fully valid, included among its elements the maintenance of an international environment favourable to the expansion of debtor country exports, sustained growth, open markets in the industrialized countries, and the provision of external financing to debtor countries in a manner compatible with the gradual reduction of the debt burden.

422. In conclusion, the IMF observer said that the Fund had been applying new procedures in its policies --such as the expansion of the structural adjustment facility, the introduction of more flexible terms for the Expanded Fund Facility, and the creation of a new mechanism to help countries which had financing agreements with the Fund to cope with unforeseen developments-- so that it could play more effectively its role as a catalyst of external resources for debtor countries.

423. The President of the Chilean Association of Non-Governmental Organizations (ASONG), speaking on behalf of the non-governmental organizations present at the session, expressed the great interest of those organizations in co-operating with ECLAC and participating more actively in the analysis of the difficulties facing the countries of Latin America and the Caribbean, in order to promote peace and integration among nations.

Declaration by the Central American countries concerning United Nations General Assembly resolution 42/204 on special economic assistance to Central America (agenda item 8 b))

424. The representative of Guatemala took the floor on behalf of the delegations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, with reference to agenda item 8 b), "Some recent resolutions adopted by United Nations organs which require to be brought to the attention of the Commission".

425. He stated that, as provided for by the United Nations General Assembly in its resolution 42/204, the Secretary-General was to submit a special plan for co-operation, which would be prepared in conjunction with the United Nations Development Programme and the ECLAC Secretariat. That plan enjoyed the fullest support of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

426. On behalf of the countries of Central America, he thanked the United Nations Development Programme and the ECLAC Secretariat for their timely co-operation in the fulfillment of the tasks provided for in General Assembly

resolution 42/204 and urged the international community to give a special response to the initiative which would be submitted to the General Assembly in May 1988, since, as had been affirmed in the joint statement made to the Plenary by the Central American countries, it was imperative to be able to rely on international support forthwith, particularly in the field of technical and financial co-operation, and on flexible mechanisms which would guarantee the timely provision of that collaboration.

427. The floor was then taken by the representatives of the following countries in support of the Declaration: Venezuela (on behalf of the Contadora Group), Argentina, Brazil, Canada, Cuba, Ecuador, Peru, Uruguay, and Spain (on behalf of the member countries of the European Economic Community which were also members of ECLAC).

Declaration of support for Panama by the countries of Latin America and the Caribbean

428. The delegation of Brazil, speaking on behalf of the group of Latin American and Caribbean countries, read out the text of a declaration of support for Panama and requested that, in conformity with Rule 46 of the Rules of Procedure, that Declaration and its annex, Decision 271 of the Latin American Council of SELA, should be included in the final report of the meeting.

429. On that point, the representative of the United States said that he had serious objections of procedure and form to the inclusion of the Declaration in the report. It was an attempt to introduce political questions into the debates of ECLAC, a forum which should be reserved for the discussion of technical matters. The proposal sought a political confrontation, and the United States did not want that to happen. He explained his country's position on a number of political and juridical aspects of the domestic situation of Panama and of the government of President Del Valle, whom the Government of the United States recognized as the legitimate head of the Government of Panama.

430. The representative of Panama said that the legitimate head of the Government of Panama was General Noriega. He did not agree that the proposal in question should be considered political in nature, since it referred to matters related to the economic development of the country.

431. A number of delegations then took the floor to express their support for the inclusion in the report of the Declaration of the Latin American and Caribbean countries, while others expressed their reservations on such inclusion.

432. The representative of Mexico expressed the view that, in accordance with the provisions of the Rules of Procedure of the Commission, the request to include the declaration should be granted and he requested the Chairman to make a ruling on the matter.

433. In response to that request, the Chairman asked the representative of the Secretariat to read out Rules 29 and 46 of the Rules of Procedure, after which he said that it was appropriate to include the Declaration in the report and

that if any delegation disagreed with that decision the matter could be put to the vote.

434. The representative of the United States insisted that the Declaration should not be included in the report and requested that the matter be put to a roll-call vote.

435. It was decided to include the Declaration by 23 votes in favour, 5 against, and 4 abstentions.* / In favour were: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay and Venezuela. Voting against were Canada, France, the Netherlands, the United Kingdom and the United States. Antigua and Barbuda, Portugal, Saint Vincent and the Grenadines and Spain abstained.

436. The representatives indicated below requested the Secretariat to include their explanation of vote in the report.

437. The representative of Haiti explained that his country's support for the inclusion of the Declaration in the report did not indicate agreement or disagreement with the position of any of the countries present. Haiti had voted in favour of the inclusion of the Declaration in adherence to the principle of non-intervention enshrined in the Charter of the United Nations and in the Charter of the OAS.

438. The representative of Canada said that he had voted against the Declaration because it raised complex political questions which could not be properly considered in that forum and at that time, although he respected the concern of the group of Latin American and Caribbean countries which had led them to request its inclusion in the report.

439. The representative of the United States said that his delegation had voted against the Declaration because it had both procedural and substantive objections to it. A concerted effort had been made to engage the members of this organization in serious economic dialogue. The working sessions in the various committees had always been constructive, even if participants did not agree on all points. As its representatives had said a number of times, the United States delegation invited and challenged all delegations to debate the issues with it. On the other hand, it opposed any attempt to transform ECLAC into a political forum. He was disappointed that countries that had recently restored democracy were willing in this instance to not support the legitimate Del Valle government and the legitimate aspirations of the people of Panama for greater freedom and democracy. General Noriega was under two United States Federal indictments as a result of solid evidence presented in Federal courts that he was a drug dealer. Following those indictments, President Del Valle had dismissed General Noriega. General Noriega refused to obey the lawful order of his President. Instead, General Noriega usurped the functions of the Presidency and attempted to have President Del Valle arrested and to install an interim figure to exercise the functions of the Presidency. The United States government did not recognize that sequence of events as legitimate and

* / See text of the Declaration in annex 3.

continued to recognize Eric Del Valle as President of Panama. The economic policies of the United States government with regard to Panama had been adopted in response to requests from the Del Valle government. The Del Valle government had taken legal actions in United States courts to block the transfer of money from Government of Panama accounts in federally insured banks in the United States. The United States government had taken economic actions against the Noriega-installed régime in support of President Del Valle and in consultation with him. The United States was honoring its commitments under the Panama Canal treaties and would continue to do so. There had been no disruptions in Canal operations. For those reasons, the proposed declaration did not belong in this meeting today. It undermined the consensus reached on so many important issues which had been addressed here. It sought to impose on this meeting political and misleading rhetoric. It was an attempt to insert a political issue in an economic forum, not because it contributed to the questions of development, but because the sponsors of this proposal sought any forum in which they could guarantee success.

440. The representative of France said that he could not support the inclusion in the report of declarations of bodies which were not part of the United Nations system and expressed regret that political questions should be injected into the deliberations of the Commission.

441. The representative of the Netherlands said that he had voted against because, in his view, ECLAC was not the proper forum to raise such questions and because the inclusion of the Declaration was not in conformity with established procedures, especially since the decision of SELA had not been examined in ECLAC and did not represent the consensus of the meeting.

442. The representative of the United Kingdom explained that the political nature of the issue had obliged him to vote against the inclusion of the Declaration.

443. The representative of Antigua and Barbuda said that he had abstained because the Declaration made reference to a decision of SELA, a body of which his country was not a member.

444. The representative of Spain, speaking on behalf of that country, said that while he understood the reasons that had inspired the proposal of the group of Latin American and Caribbean countries, the inclusion of a document of a body that was not part of the United Nations system posed procedural problems which had caused him to abstain.

445. The representative of Portugal said that he had abstained because the Declaration emanated from a body that was not part of the United Nations system.

446. The representative of Saint Vincent and the Grenadines explained that he had not been present at the meeting of SELA held in Caracas, from which the Declaration had emanated, and while he shared the legitimate aspirations of the Panamanian people and supported the principle of sovereignty, he would have preferred the Declaration to contain some indication that it did not represent support for General Noriega. As the Declaration contained no such indication, he had been forced to abstain.

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

Committee I

447. The Commission adopted by consensus the report of Committee I.**/

Committee II

448. The Commission adopted by consensus the report of Committee II.***/

449. The Commission also adopted without a vote resolution 493(XXII) on support for ILPES on its twenty-fifth anniversary; resolution 494(XXII) on the Latin American Demographic Centre (CELADE); resolution 495(XXII) on the calendar of conferences of ECLAC for the period 1988-1990, and resolution 496(XXII) on the report of the World Commission on Environment and Development. It also adopted without a vote resolution 497(XXII) on the programme of work of ECLAC for the biennium 1990-1991, except the section relating to programme 23: Transnational corporations. That programme was adopted by 18 votes in favour, 4 against and 2 abstentions.

Sessional Committee on Co-operation among Developing Countries and Regions

450. The Commission adopted by consensus the report of this Committee.****/

451. The Commission also adopted without a vote resolutions 491(XXII) on technical co-operation among developing countries and regions, and resolution 492(XXII) on economic co-operation among developing countries.

Consideration of draft resolutions submitted directly to the Plenary

452. The Commission adopted without a vote resolution 490(XXII) on the admission of Aruba as an associate member of ECLAC;*****/ resolution 498(XXII) on the International Development Strategy: assessment of the present Strategy and review of the preparation of a new strategy for the Fourth United Nations Development Decade; resolution 499(XXII) on the fortieth anniversary of the Economic Commission for Latin America and the Caribbean; and resolution 500(XXII) on the place and date of the next session of the Commission.*****/

*/ See the resolutions adopted by the Commission in section D below and the information on their financial implications in annex 2.

**/ Paras. 73 to 153 above.

***/ Paras. 154 to 245 above.

****/ Paras. 246 to 262.

*****/ See para. 283 above.

*****/ See section D and annex 2 below.

Closing meeting

453. The closing meeting was addressed by Dr. Modesto Freites, Minister of State and Head of the Office of Co-ordination and Planning of the Republic of Venezuela, speaking on behalf of the participants; Mr. Gert Rosenthal, Executive Secretary of ECLAC, and Mr. Paulo Tarso Flecha de Lima, Acting Minister of Foreign Affairs of Brazil.

454. Dr. Freites emphasized the high calibre of the delegations that had attended the session of the Commission and expressed his satisfaction at the work completed and at the profound importance of the agreements reached. He mentioned the climate of cordiality and frankness in which the meetings had taken place and felt that the session had helped to strengthen ECLAC as a forum for analysis, reflection and the search for new options for successfully tackling current realities and the challenge of the future. After praising the Secretariat for the work it had done, he concluded by thanking the host country for its hospitality.

455. The Executive Secretary of ECLAC said that the United Nations had always been a forum in which countries had expressed their opinions in a frank and open manner, and it therefore could not but reflect certain disputes currently existing in international relations. The manifestation of such disputes, however, should not obscure the fruitfulness of the meeting nor its principal features. The first of those features was the atmosphere of festivity, not only on account of the environment which Rio de Janeiro provided for the meeting and of the acceptance of Aruba as an associate member of the Commission, but also on account of the celebration of the fortieth anniversary of the establishment of ECLAC, which had been marked by the member countries in many different commemorative events, apart from in the communiqué and the resolution contained in the report. The second positive feature of the meeting was that it had permitted the due organization of the work of the institution as well as that of ILPES and CELADE, through the adoption of the corresponding reports of activities, programmes of work and calendar of meetings. Thirdly, and in terms of substantive issues, the session had enabled the delegations to compare positions and to combine efforts to determine the characteristics of the crisis, to make progress in formulating the policy measures which could be implemented to overcome it, and to promote the necessary international co-operation to make such efforts viable, which was one of the matters on which the greatest measure of consensus had been achieved.

456. He said that progress had been made during the meeting in exploring the structural aspects of the crisis, in considering the concept of co-responsibility, which also extended to the actions required to overcome the crisis, and with respect to some components of a possible solution, especially in connection with the debt and trade. Finally, he pointed out that this kind of forum was part of a broader ongoing process leading to the achievement of progress.

457. Acting Foreign Minister Paulo Tarso Flecha de Lima congratulated the delegations and the Secretariat on the work accomplished and referred to the tasks that awaited the Commission over the next 40 years of its existence. He called for renewed reflection on the realities of the region, turning away

from long-held assumptions. In that regard, he urged a re-examination of the proper role of the State in the economy in circumstances where it was necessary to liberate the productive forces of the nations, while the State withdrew from those economic areas in which its presence was not justified.

458. He then referred to the need for a dynamic and imaginative international insertion of the region's economies, and for creative reflection, without recriminations, on the opportunities offered by international trade for expanding exports of manufactures and diversifying sales abroad. In order to achieve that, it would be necessary at the domestic level to establish and maintain the basic macroeconomic balances and to implement policies that guaranteed a minimum of stability for exporting companies, as well as institutional support for the latter's activities. Finally, he said that it was not sufficient merely to implement policies at the domestic level, but that such policies depended to a large extent on the economic growth of the industrialized countries.

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

- 490(XXII) Admission of Aruba as an associate member of ECLAC
- 491(XXII) Technical co-operation among developing countries and regions
- 492(XXII) Economic co-operation among developing countries
- 493(XXII) Support for the Latin American and Caribbean Institute
for Economic and Social Planning on the occasion
of its twenty-fifth anniversary
- 494(XXII) Latin American Demographic Centre (CELADE)
- 495(XXII) Calendar of conferences of ECLAC for the period 1988-1990
- 496(XXII) Report of the World Commission on Environment and Development
- 497(XXII) Programme of work of ECLAC for the period 1990-1991
- 498(XXII) International development strategy: Assessment of the
present international development strategy and review
of the preparation of a new strategy for the fourth
United Nations development decade
- 499(XXII) Fortieth anniversary of the Economic Commission for
Latin America and the Caribbean
- 500(XXII) Place and date of the next session.

490 (XXII) ADMISSION OF ARUBA AS AN ASSOCIATE MEMBER OF ECLAC

The Economic Commission for Latin America and the Caribbean,

Considering the desirability that the economic and cultural relations between all peoples in the Caribbean area and the Latin American continent should be strengthened,

Recalling the Terms of Reference of the Commission, as adopted by the Economic and Social Council at its sixth session, and in particular article 3 (a) thereof regarding the admission of associate members,

Bearing in mind that the Government of the Kingdom of the Netherlands has communicated to the Commission, through the Executive Secretary of ECLAC, Aruba's desire to be admitted as an associate member of the Commission,

1. Welcomes the aforementioned application of the Government of the Kingdom of the Netherlands, as it reflects the will of the people of Aruba;
2. Decides to admit Aruba as an associate member of ECLAC and welcomes its participation in the work of the Commission.

491(XXII) TECHNICAL CO-OPERATION AMONG DEVELOPING COUNTRIES
AND REGIONS

The Economic Commission for Latin America and the Caribbean,

Recalling the Buenos Aires Plan of Action --adopted at the United Nations Conference on Technical Co-operation among Developing Countries (TCDC) in 1978 and endorsed by the General Assembly in resolution 33/134 of 19 December 1978-- which defines the catalytic role the United Nations should play in facilitating such co-operation and assigns to the regional commissions the task of, inter alia, providing assistance for activities to reinforce TCDC at the regional and interregional levels,

Taking into account the decisions adopted at the fifth session of the High-Level Committee on the Review of Technical Co-operation among Developing Countries, which met from 18 to 27 May 1987 at United Nations Headquarters, New York, and in particular decision 5/5 addressed to the organs, organizations and bodies of the United Nations system with regard to the implementation of the Buenos Aires Plan of Action,

Recalling decision 252 adopted at the thirteenth Ordinary Meeting of the Latin American Council of the Latin American Economic System, held in Caracas in September 1987, and in particular its article 9, which requests the collaboration of ECLAC for activities in support of technical co-operation among developing countries,

Also recalling ECLAC resolution 486(XXI) on technical and economic co-operation among developing countries and regions,

1. Takes note of the report of activities of the ECLAC system in support of co-operation among developing countries and regions, entitled "Activities of the ECLAC system to promote and support co-operation among developing countries and regions" (LC/G.1505(SES.22/10)), presented by the ECLAC Secretariat at this session;

2. Reaffirms the need to reinforce intra-regional co-operation as a vital tool for satisfactorily tackling the problems posed in overcoming the crisis still affecting the development possibilities of the countries of the region, and particularly the less-developed countries;

3. Requests the Executive Secretary, in accordance with the relevant mandates, to:

a) intensify activities designed to provide support for initiatives taken by the national government-designated co-ordination centres for co-operation among developing countries and to collaborate to this end with the existing co-operation networks in the region, in those sectors identified by governments as having priority;

b) continue to incorporate, in the various activities of the programme of work of the Secretariat of the Commission, forms of technical co-operation among developing countries to support the fulfillment of the above programme of work;

c) continue to implement measures designed to ensure broader dissemination of information relating to the capacities and needs of the countries of the region with regard to co-operation activities at the subregional, regional and interregional levels;

d) intensify its efforts to ensure closer and more intensive co-ordination with those organizations and agencies carrying out activities to support, promote or execute co-operation projects among developing countries in the region;

e) provide the Permanent Secretariat of the Latin American Economic System with collaboration in the preparation of the activities it carries out with the national co-ordination centres for co-operation among developing countries, in compliance with the relevant mandates, including in particular those relating to the Meeting of National Directors of Technical Co-operation which is to be held in the second half of 1988;

f) continue to promote joint interregional technical and economic co-operation activities with the other regional commissions, in consultation and co-ordination with the relevant organizations of the United Nations system, especially as regards the implementation of already identified joint projects involving other regional commissions;

4. Urges the governments of the member countries of the Commission to put into practice appropriate measures to intensify their support for the activities of the ECLAC system aimed at strengthening the national co-ordination centres for technical co-operation among developing countries;

5. Also strongly urges the relevant United Nations organizations and other sources of financing to provide their support for the programmes and projects of the Secretariat designed to facilitate co-operation among developing countries and regions, in fulfillment of the respective mandates.

492 (XXII) ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

The Economic Commission for Latin America and the Caribbean,

Bearing in mind General Assembly resolution 39/216 of 18 December 1984, which urges the organs and organizations of the United Nations system to provide and to intensify support and assistance, in accordance with 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 13-19 May 1981,

Also bearing in mind the appraisal of the progress of the Caracas Programme of Action undertaken at the sixth session of the Intergovernmental Follow-up and Co-ordination Committee of the Group of 77 for Economic Co-operation among Developing Countries, held at Havana from 7-12 September 1987,

Taking into account the Quito Declaration and Plan of Action, adopted at the Latin American Economic Conference held from 9-13 January 1984, in so far as it relates to intra-regional co-operation,

Recalling ECLAC resolution 439(XIX) of 15 May 1981, on economic co-operation among developing countries,

Also recalling ECLAC resolution 357(XVI) of 13 May 1975, on institutional aspects of the activities of ECLAC,

Taking note of ECLAC resolution 310(XIV) of 7 May 1971 setting up the Committee of High-Level Government Experts (CEGAN),

Resolves that the Committee of High-Level Government Experts, within its regular calendar of meetings, in accordance with the mandates of the Commission, and in co-ordination with SELA, should undertake an analysis of ways and means of strengthening and intensifying economic co-operation among developing countries of the region (ECDC). This analysis should be expressly confined to the question of development financing and regional economic integration, on the one hand, and to industrialization at both the national and regional levels, on the other.

493 (XXII) SUPPORT FOR THE LATIN AMERICAN AND CARIBBEAN INSTITUTE
FOR ECONOMIC AND SOCIAL PLANNING ON THE OCCASION
OF ITS TWENTY-FIFTH ANNIVERSARY

The Economic Commission for Latin America and the Caribbean,

Recalling that the Latin American and Caribbean Institute for Economic and Social Planning is a permanent institution of the United Nations with its own identity within the ECLAC system and an intergovernmental service agency which functions in accordance with guidelines laid down directly by the governments of Latin America and the Caribbean,

1. Recognizes that ILPES has carried out a major task of conceptual and technical renovation in respect of planning, co-ordination of public policies and modernization of its management and organizational structure;
2. Approves with satisfaction the reports of the activities of ILPES for 1986 and 1987 */ and endorses the contents of the current programme of work and the draft programme of work for the period 1990-1991; **/
3. Agrees with the main lines of the New Institutional Project for the period 1987-1990, ***/ which include:

a) tripartite financing from the United Nations, the governments of member States and extra-budgetary resources attracted by the Institute;

b) recognition that the direct contributions to the Institute by the governments of its member States should constitute the regular financing of its multilateral activities and that it is important that member governments should maintain the amount of the contributions committed and should regularize their timely payment;

c) maintenance of a stable technical core staff of a size that is commensurate with the responsibilities entrusted by governments to the Institute, on the same terms approved by ECLAC at its twenty-first session; ****/

4. Takes note of the establishment of the ILPES Office for Central America and Panama with the support of all the governments of the subregion and expresses its gratitude to the Government of Costa Rica for the resources made available for the installation of the Office in San José; urges the other governments to support the work of the new Office, and also supports the continuity of the ECLAC/ILPES Joint Planning Unit for the Caribbean;

*/ See annexes 1 and 2 of document LC/G.1509 (SES.22/9).

**/ See document LC/G.1506 (SES.22/6).

***/ See paragraph 3 of document LC/G.1509 and paragraph 12 of annex 1 of that document.

****/ See operative paragraph 1(c) of ECLAC resolution 482 (XXI).

5. Expresses its gratitude to the Executive Secretariat of ECLAC for the continued support provided to ILPES and requests it to maintain and if possible to intensify its technical support, as well as to continue with its efforts to provide the Institute with stable resources and to give it greater flexibility as a multilateral service agency;
6. Ratifies the change of name of the Technical Committee to "Regional Council for Planning" and of the Technical Subcommittee to "Presiding Officers of the Regional Council for Planning";
7. Notes with satisfaction that the Conferences of Ministers and Heads of Planning of Latin America and the Caribbean which are held within the framework of the System of Co-operation and Co-ordination among Planning Bodies of Latin America and the Caribbean (SCCOPALC), as well as the meetings of the Regional Council for Planning, will be held every four years as from 1989 while also taking note of the possibility of holding extraordinary meetings of both forums in the period between two regular meetings;
8. Expresses once again its gratitude to the governments of the member States which have contributed to the financing of the Institute, as well as to the governments of States from outside the region (particularly France, Italy, the Netherlands and Spain) which support some of its activities through specific projects;
9. Expresses its satisfaction at the support provided by UNDP for the financing of specific projects executed by the Institute, which make it possible to fulfill requests from governments, and thanks UNDP's network of Resident Representatives for the co-operation which it provides to ILPES in the region;
10. Expresses its appreciation for the efforts made by the Institute to articulate its activities with those of various international and bilateral bodies, and expresses particular satisfaction with the support provided to ILPES by the Inter-American Development Bank (IDB) and the World Bank;
11. Acknowledges the pioneering work of the Institute in the field of training and the provision of advisory services to non-governmental bodies, and expresses its satisfaction at the greater regional coverage of these activities during the last biennium;
12. Expresses its gratitude to the Government of Uruguay for having offered the city of Montevideo as the venue for the Seventh Conference of Ministers and Heads of Planning of Latin America and the Caribbean and for the eighth session of the Regional Council for Planning, to be held in 1989.

494 (XXII) LATIN AMERICAN DEMOGRAPHIC CENTRE (CELADE)

The Economic Commission for Latin America and the Caribbean,

Bearing in mind the conclusions and recommendations of the most recent intergovernmental meetings on population in the region, especially those designed to implement the principles and objectives of the World Population Plan of Action */ and those emanating from the Latin American Regional Preparatory Meeting for the International Conference on Population (Havana, 1983)**/ and the International Conference on Population (Mexico, 1984),***/

Also bearing in mind the fact that the recommendations mentioned above highlight the need to approach population problems as part of development strategies, the planning process and global, sectoral and regional policies,

Considering the Latin American Regional Population Programme's****/ objective of collaborating with the countries of the region in providing information on their demographic situation and in formulating and appraising development plans and programmes in the field of population, the implementation of which was entrusted to the Latin American Demographic Centre,

Considering also the fact that the ECLAC studies contained in the document "Restrictions on sustained development in Latin America and the Caribbean and requisites for overcoming them",*****/ submitted to the twenty-second session of ECLAC, stress the need to strive for the attainment of equity and place emphasis on the population as both the beneficiary and agent of development,

Recognizing how important it is for the member countries of the Commission to continue to enjoy the services of a suitable regional body endowed with appropriate resources for meeting needs as regards technical co-operation, training of management and technical personnel, development and adaptation of analysis techniques suited to the conditions of the region, generation, processing and retrieval of information on population, and incorporation of demographic variables into development plans and policies,

*/ See E/CONF.76/BP/1.

**/ E/CEPAL/SES.20/G.19.

***/ E/CONF.76/19.

****/ E/CEPAL/1002.

*****/ LC/G.1488.

1. Notes with satisfaction the report on the activities of CELADE for the period 1986-1987 */ and the programme of work of CELADE for the period 1990-1991, **/ which devotes particular attention to training and technical co-operation activities based on studies on population and development;
2. Highlights CELADE's efforts in support of national development policies and of the quest for social equity undertaken by the governments of the region;
3. Expresses its appreciation to the United Nations Population Fund for its continued support and, especially, for the financial support which it has granted CELADE for the period 1988-1991;
4. Also expresses its appreciation to the Governments of Canada, France and the Netherlands for the support given to CELADE during the period 1986-1987 and for the collaboration that has been agreed upon from 1988 onwards;
5. Requests CELADE, within the framework of its programme of work for the period 1990-1991, to:
 - a) continue and further intensify its multidisciplinary training activities, especially those designed to sensitize the authorities and to train government technical personnel in the practical execution of population and development activities, to support and strengthen population programmes in universities and other national centres, and to train specialists in the field of population;
 - b) study, in co-operation with the governments of the region, the effects which the likely evolution of the population of the countries of Latin America and the Caribbean will have on the development of these countries and on their plans and policies, as well as the consequences of development on population dynamics;
 - c) collaborate with the countries of Latin America and the Caribbean in organizing procedures at the regional level to facilitate links between the various national institutions in order to provide them, in the light of new technological advances, with proper access to the bibliographic and numerical information on population required for the formulation of development plans and projects;
6. Recommends that member governments, in so far as their resources permit and within the framework of their national priorities, should consider the use of multilateral and bilateral sources of co-operation to support specific activities by CELADE in their respective countries;
7. Requests the Executive Secretary of ECIAC and the Director of CELADE to intensify their efforts to secure adequate financing from the governments of developed countries outside the region and from international organizations, in order to increase the technical and financial resources of CELADE with a view to ensuring the stability essential for the execution of the tasks that have been entrusted to it.

*/ LC/G.1494 (SES.22/8).

**/ LC/G.1506 (SES.22/6).

495 (XXII) CALENDAR OF CONFERENCES OF ECLAC FOR THE PERIOD 1988-1990

The Economic Commission for Latin America and the Caribbean,

Recalling resolution 419 (PLEN.14) of the Committee of the Whole of ECLAC, on rationalization of the institutional structure and the pattern of meetings of the ECLAC system, in which it was determined that the Commission should consider at each of its regular sessions the complete calendar of conferences and meetings scheduled up to the next regular session,

Taking account of resolution 489 (PLEN.19) on the intergovernmental structure and functions of ECLAC, in which it is recommended that the current institutional structure be maintained,

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 2 of document LC/G.1499 (SES.22/4),

Having considered paragraph 5 of section B of General Assembly resolution 42/207 which requests the Secretary-General to examine the possibility that all organizational aspects of conference servicing be centrally planned and co-ordinated,

Having examined the Calendar of Intergovernmental Conferences of ECLAC for the period 1988-1990 proposed in annex 3 of document LC/G.1499 (SES.22/4),

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-second 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-second session of ECLAC;
2. Affirms that the present conference servicing system of ECLAC, whereby the Executive Secretary is responsible for both substantive and organizational aspects, has proved its efficiency and cost effectiveness;
3. Notes that a further centralization of conference servicing might be inconsistent with General Assembly resolution 32/197 and other decisions calling for increased autonomy for the regional commissions within the United Nations system;
4. 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;
5. Instructs the Executive Secretary to report to the twenty-third session of ECLAC on the fulfilment of this resolution.

CALENDAR OF INTERGOVERNMENTAL CONFERENCES OF ECLAC FOR THE PERIOD 1988-1990

Year	Title	Place and date	Legislative authority	Source of financing
1988	Fourteenth session of the Committee of High-Level Government Experts (CEGAN)	Port of Spain 1-3 March	ECLAC resolutions 310(XIV); 419(PLEN.14); 422(XIX), para. 204, and 425(XIX)	ECLAC regular budget
1988	Twenty-second session of ECLAC	Rio de Janeiro 20-27 April	ECLAC resolution 479(XVI) ECOSOC Decision 1987/166	ECLAC regular budget
1988	Eleventh session of the Caribbean Development and Co-operation Committee (CDCC)	a/	ECLAC resolutions 358(XVI) and 419(PLEN.14)	ECLAC regular budget
1988	Central American Economic Co-operation Committee	a/	ECLAC resolution 9(IV)	ECLAC regular budget
1988	Fourth Regional Conference on the Integration of Women into the Economic and Social Development of Latin America and the Caribbean	Guatemala City 27-30 September	The Conference was constituted 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
1988	Latin American and Caribbean Regional Preparatory Meeting for the Eighth United Nations Congress on the Prevention of Crime and the Treatment of Offenders	a/	ECOSOC resolution 1987/49 General Assembly resolution 42/59	Department of Conference Services (DCS) regular budget
1989	Regional Council for Planning (ILPES)	Montevideo b/	ECLAC resolution 340(AC.66)	ILPES budget
1989	Twelfth session of the Caribbean Development and Co-operation Committee (CDCC)	a/	ECLAC resolution 358(XVI) and 419(PLEN.14)	ECLAC regular budget
1989	Fifteenth session of the Committee of High-Level Government Experts (CEGAN)	a/	ECLAC resolutions 310(XIV); 419(PLEN.14); 422(XIX), para. 204, and 425(XIX)	ECLAC regular budget
1989	Twentieth session of the ECLAC Committee of the Whole	United Nations Headquarters New York, April/May b/	ECLAC resolution 419(PLEN.14)	ECLAC regular budget
1990	Sixteenth session of the Committee of High-Level Government Experts (CEGAN)	a/	ECLAC resolutions 310(XIV); 419(PLEN.14); 422(XIX), para. 204, and 425(XIX)	ECLAC regular budget
1990	Thirteenth session of the Caribbean Development and Co-operation Committee (CDCC)	a/	ECLAC resolution 358(XVI) and 419(PLEN.14)	ECLAC regular budget
1990	Twenty-third session of ECLAC	Venezuela b/ c/	ECLAC resolution 419(PLEN.14)	ECLAC regular budget

a/ Place and date to be decided.

b/ Date to be decided.

c/ Subject to approval by ECOSOC.

496 (XXII) REPORT OF THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT

The Economic Commission for Latin America and the Caribbean,

Welcoming the report of the World Commission on Environment and Development, entitled "Our Common Future",

Recalling General Assembly resolution 42/187 of 11 December 1987, which transmits to all governments and to the governing bodies of the organs, organizations and programmes of the United Nations system the report of the World Commission and invites them to take account of the analyses and recommendations contained in the report in determining their policies and programmes,

Recalling further that, in the same resolution, the General Assembly called upon the governing bodies of the organs, organizations and programmes of the United Nations system to review their policies, programmes, budgets and activities aimed at contributing to sustainable development,

Bearing in mind that the World Commission in its report sets out as a main goal, to ensure that all economic and social development is environmentally sound and sustainable, which implies meeting the needs of the present without compromising the ability of future generations to meet their own needs,

Recalling also General Assembly resolution 42/186 on the Environmental Perspective to the Year 2000 and Beyond, which took account of the conclusions and recommendations contained in the Report of the World Commission, while acknowledging that different views exist on some aspects of the Environmental Perspective,

Considering that the Economic Commission for Latin America and the Caribbean has been making an important contribution to the promotion of sustainable development and should intensify and broaden its efforts in the future,

1. Requests the Executive Secretary to undertake a review of ECLAC's programmes and activities aimed at contributing to sustainable development, including all the cross-sectoral and interdisciplinary aspects thereof, taking account of the Report of the World Commission and the Environmental Perspective;

2. Further requests the Executive Secretary to prepare a progress report on the contribution of ECLAC to the international efforts towards sustainable development, for submission through the Economic and Social Council to the forty-fourth session of the General Assembly in accordance with paragraph 12 of General Assembly resolution 42/186 and paragraph 18 of General Assembly resolution 42/187;

3. Invites the Executive Secretary to bring to the attention of the Executive Secretaries of the other United Nations regional commissions the activities undertaken by ECLAC aimed at contributing to sustainable development.

497(XXII) PROGRAMME OF WORK OF ECLAC FOR THE PERIOD 1990-1991

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, 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, and the provisions of General Assembly resolution 38/32E and Decision 1984/101 of the Economic and Social Council regarding periodical publications of the United Nations,

Having considered the draft programme of work for the different areas of activity of the ECLAC system for the period 1990-1991,*/ which covers also the Latin American and Caribbean Institute for Economic and Social Planning (ILPES) and the Latin American Demographic Centre (CELADE),

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-second session, and the changes deriving from the resolutions adopted at that session,

1. Approves the draft programme of work of the ECLAC system (including ILPES and CELADE) for the period 1990-1991 **/, with the adjustments arising from the resolutions and decisions adopted at the twenty-second session of the Commission and reflected in the final report thereof, and adopts it as the legislative basis of the Commission for the execution of the programmes and projects and the issue of the periodical publications included in it;
2. Takes note that the allocation of resources necessary for carrying out the activities described in the 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-third session of ECLAC on the fulfilment of this resolution.

*/ IC/G.1506(SES.22/6).

**/ Programme 23, "Transnational Corporations", was approved by 18 votes in favour, 4 against and 2 abstentions. In favour: Antigua and Barbuda, Argentina, Brazil, Chile, Colombia, Cuba, Ecuador, Guyana, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Vincent and the Grenadines, Trinidad and Tobago, Uruguay and Venezuela. Against: France, the Netherlands, the United Kingdom and the United States. Abstentions: Canada and Spain.

498 (XXII) INTERNATIONAL DEVELOPMENT STRATEGY: ASSESSMENT OF THE PRESENT
INTERNATIONAL DEVELOPMENT STRATEGY AND REVIEW OF THE
PREPARATION OF A NEW STRATEGY FOR THE FOURTH
UNITED NATIONS DEVELOPMENT DECADE

The Economic Commission for Latin America and the Caribbean,

Considering that at its forty-second session the General Assembly adopted resolution 42/193 on the preparation of a new international development strategy for the fourth United Nations Development Decade, wherein the Secretary-General is requested, in consultation with all the organs and organizations of the United Nations system concerned, to provide information which would be appropriate for the preparation of a new strategy and for the assessment of the strategy for the present Decade,

Requests the ECLAC Secretariat to prepare the relevant information in time for the meeting of CEGAN which will deal with the analysis of the different points connected with the appraisal of the current Strategy and the consideration of a new International Development Strategy for the Fourth United Nations Development Decade, and to submit that information to the next session of ECLAC.

499 (XXII) FORTIETH ANNIVERSARY OF THE ECONOMIC COMMISSION
FOR LATIN AMERICA AND THE CARIBBEAN

The Economic Commission for Latin America and the Caribbean,

Recalling United Nations Economic and Social Council resolution 106(VI). adopted on 25 February 1948, which set up ECLAC and approved the terms of reference that have governed the work of the Commission since that date,

Recognizing ECLAC's contribution to the formulation of a concept of development of its own and to the design and implementation of economic and social development policies for Latin America and the Caribbean,

Also recognizing that the economic advances made by the region have not been sufficient to modify the traditional form of insertion of Latin America and the Caribbean within the international economy,

Considering the impact of the crisis of the 1980s and of the debt problem on the development process of the region,

Also considering that the urgent need to restore the sustained development of Latin America and the Caribbean makes it more vital than ever to ensure that the fullest use is made of the experience and capacity of ECLAC in the quest for solutions to the problems caused to the region by the present crisis,

1. Welcomes the contributions made by ECLAC and its Secretariat to the formulation of a Latin American and Caribbean economic philosophy;
2. Emphasizes the need to generate alternative solutions for strengthening the role of the region in the international economic system and resuming the process of sustained development that has been affected in the 1980s by the economic crisis and the problem of the external debt;
3. Requests the Executive Secretary to bear in mind, when executing the programme of work of the Commission, the need for reflection on the following matters:

a) The definition of long-term development policies which incorporate measures by the countries of the region to solve the serious short-term problems in a broad context aimed at overcoming the structural obstacles standing in the way of Latin American and Caribbean development;

b) The analysis of alternative scenarios for the future development of Latin America and the Caribbean which take account of the dynamics of the development process underway in the region and the long-term trends prevailing in the world economy;

c) The examination of regional and subregional integration and co-operation as instruments for the development and greater autonomy of the region and as a basis for formulating new approaches for tackling the problems hindering its economic evolution.

500 (XXII) PLACE AND DATE OF THE 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 the invitation of the Government of Venezuela to hold the twenty-third session of the Commission in Caracas,

1. Expresses its gratitude to the Government of Venezuela for its very generous invitation;
2. Accepts this invitation with pleasure;
3. Recommends to the United Nations Economic and Social Council that it approve the holding of the twenty-third session in Venezuela in 1990.

Annex 1

LIST OF DOCUMENTS

- | | |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| LC/G.1502(SES.22/1)/Rev.1 | - Provisional agenda |
| LC/G.1507(SES.22/2)/Rev.1 | - Annotated provisional agenda and organization of work of the twenty-second session |
| LC/G.1488(SES.22/3)/Rev.1
and Corr.1 | - Restrictions on sustained development in Latin America and the Caribbean and the requisites for overcoming them |
| LC/G.1499(SES.22/4) | - Proposed calendar of conferences of ECLAC for the period 1988-1990. Note by the Secretariat |
| LC/G.1508(SES.22/5) | - Report of the work of the Commission since April 1986 |
| LC/G.1506(SES.22/6) | - Draft programme of work of the ECLAC system, 1990-1991 |
| LC/G.1512(SES.22/7) | - Documents presented at the twenty-second session |
| LC/G.1494(SES.22/8)
LC/DEM/G.60 | - Report on the activities of the Latin American Demographic Centre (CELADE), 1986-1987 |
| LC/G.1509(SES.22/9)
LC/IP/G.44 | - ILPES: New operational bases, and summary of activities 1986-1987 |
| LC/G.1505(SES.22/10) | - Activities of the ECLAC system to promote and support co-operation among developing countries and regions. Note by the Secretariat |
| LC/G.1497(SES.22/11) | - Provisional agenda of the Committee on Co-operation among Developing Countries and Regions |
| LC/G.1498(SES.22/12) | - Annotated provisional agenda of the Committee on Co-operation among Developing Countries and Regions |
| LC/G.1504(SES.22/13) and Corr.1 | - Restrictions on sustained development in Latin America and the Caribbean and the requisites for overcoming them (Summary) |
| LC/G.1495
LC/CAR/G.243/Rev.1 | - Report of the tenth session of the Caribbean Development and Co-operation Committee |
| LC/G.1514(SES.22/14) | - Programme performance report of ECLAC for the biennium 1986-1987. Note by the Secretariat |

- LC/G.1515(SES.22/15)
 - Admission of Aruba as an Associate Member of ECLAC. Note by the Secretariat
- LC/G.1516(SES.22/16)
 - Some recent resolutions and decisions adopted by the United Nations organs which require to be brought to the attention of the Commission. Note by the Secretariat
- LC/G.1517(SES.22/17)
 - Preparation of the New International Development Strategy for the Fourth United Nations Development Decade. Note by the Secretariat
- LC/G.1518(SES.22/18)
 - Provisional agenda (Committee I)
- LC/G.1519(SES.22/19)
 - Provisional agenda (Committee II)
- LC/G.1510(CEG.14/3)
 - Report of the fourteenth session of the Committee of High-Level Government Experts (CEGAN)

Annex 2

FINANCIAL IMPLICATIONS OF RESOLUTIONS ADOPTED BY THE COMMISSION

Resolutions 490(XXII) through 499(XXII)

No financial implications.

Resolution 500(XXII): Place and date of the next session of the Commission

The representative of the Secretariat reported that the budget estimates of the Commission for the biennium 1990-1991 must be submitted in mid-1988. In accordance with United Nations regulations, the budget prepared by the ECLAC Secretariat will include provision for the holding of the twenty-third session of the Commission in Santiago, Chile. According to the estimates made by the Secretariat, the resources needed for holding the session of the Commission in Caracas do not exceed those which will be requested for holding it in Santiago. Consequently, if the United Nations General Assembly approves sufficient funds for holding the session in Santiago, the holding of it in Caracas would not have any financial implications.

Annex 3

DECLARATION OF SUPPORT FOR PANAMA BY THE COUNTRIES OF
LATIN AMERICA AND THE CARIBBEAN

The countries of Latin America and the Caribbean consider the application of coercive economic measures which infringe the sovereignty and threaten the economic security of any State of the region to be contrary to international law and incompatible with the Charters of the United Nations and of the Organization of American States and therefore reject the use of such measures. In that respect, they reaffirm the terms of Decision 271 on "Coercive economic measures against Panama" which was adopted at the Sixth Extraordinary Meeting of the Latin American Council of the Latin American Economic System (SELA), held in Caracas on 28 and 29 March 1988, and whose text is annexed to this Declaration.

DECISION 271 */

COERCIVE ECONOMIC MEASURES AGAINST PANAMA

THE LATIN AMERICAN COUNCIL,

CONSIDERING:

Decisions 112 and 113 adopted by the Latin American Council on coercive economic measures;

The relevant provisions of the Charter of the United Nations and of the Charter of the Organization of American States;

The request submitted by the Government of Panama to the Permanent Secretariat of the Latin American Economic System on 18 March 1988 for the convening, in pursuance of Decision 113, of an urgent Extraordinary Meeting of the Latin American Council at the ministerial level, in which request that country indicates the coercive economic measures to which it is being subjected and expresses its sovereign will to continue to further its democratic system with the greatest determination;

Decisions 115, 189 and 269 regarding the 1977 Panama Canal Treaties.

FURTHER CONSIDERING:

That self-determination and non-intervention in the internal affairs of other countries are fundamental principles of international relations;

*/ Adopted at the Sixth Extraordinary Meeting of the Latin American Council of SELA (Caracas, 28-29 March 1986).

That the United States of America is applying coercive economic measures to Panama which are causing serious prejudice to the Panamanian people;

That these coercive economic measures are contrary to international law and incompatible with the Charter of the United Nations and the Charter of the Organization of American States;

That Decision 112 of the Latin American Council condemns the application of coercive measures and calls for the elimination of economic embargoes and blockades, the freezing of funds, the suspension of credits and other measures;

That the solidarity of Latin America and the Caribbean is a fundamental condition for strengthening Latin American self-determination and sovereignty;

RESOLVES:

Article 1. To reaffirm the sovereign right of all nations to decide their own destiny in peace and liberty in the economic, social and political spheres, free of all external pressures, aggressions and threats.

Article 2. To reiterate its condemnation, expressed in Article 3 of Decision 112, of the application against any of the member States of SEIA of coercive economic measures, since these threaten their sovereignty and economic security and adversely affect their right to independent development.

Article 3. To reject, in consequence, the coercive economic measures adopted by the Government of the United States of America against Panama, which affect the independence and threaten the economic security of this member State and constitute a case of serious economic emergency as laid down in Article 1 of Decision 113.

Article 4. To urge the Government of the United States of America to revoke forthwith the coercive measures which it has adopted against Panama.

Article 5. To consider in a spirit of solidarity the Panamanian government's request for assistance set out in the document "Requerimientos de cooperación económica de la República de Panamá" (CL/VI.E/DT No. 1, Corr.2) and to instruct the Permanent Secretariat of the Latin American Economic System to promote and co-ordinate consultations with member States on the necessary actions and measures.

Article 6. To take note of document CL/VI.E/Di No. 1 submitted at the Sixth Extraordinary Meeting of the Latin American Council of SEIA by the Government of Panama, in which that government reaffirms and places on record its commitment to further its democratic system with the greatest determination.

Article 7. To reaffirm the need for the strict fulfilment of the 1977 Panama Canal Treaties and to urge the Government of the United States of America to respect the commitments undertaken in them.