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Tenth Session

Mar del Plata, Argentina, 6 to 18 May 1963

PROVISIONAL SUMMARY RECORD OF THE EIGHTY-NINTH MEETING

Held at Mar del Plata, Argentina,
on Tuesday, 7 May 1963, at 3.50 p.m.

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Note: Delegations wishing to submit corrigenda to their statements in this summary record for inclusion in the final version are requested to make their corrections on a mimeographed copy of the record. The corrected copy should reach Miss Juanita Eyzaguirre (Conference Officer), Room 102, not later than forty-eight hours after distribution.

PRESENT:

<u>Chairman:</u>	Mr. MENDEZ DELFINO	(Argentina)
<u>Members:</u>	Mr. TISCORNIA	Argentina
	Mr. GANDARILLAS	Bolivia
	Mr. TAVORA	Brazil
	Mr. SUMMERS	Canada
	Mr. SILVA	Chile
	Mr. NARVAEZ	Colombia
	Mr. GARCIA VALLS	Cuba
	Mr. CESTERO	Dominican Republic
	Mr. AROSEMENA	Ecuador
	Mr. PEÑA	El Salvador
	Mr. LISETTE	France
	Mr. PALACIOS	Guatemala
	Mr. CALIX	Honduras
	Mr. BROWN	Jamaica
	Mr. GARCIA REYNOSO	Mexico
	Mr. ZUIVERLOON	Kingdom of the Netherlands
	Mr. GAITAN	Nicaragua
	Mr. RODRIGUEZ	Panama
	Mr. SANABRIA	Paraguay
	Mr. VALDIVIA	Peru
	Mr. TAYLOR	United Kingdom of Great Britain and Northern Ireland
	Mr. BINGHAM	United States of America
	Mr. GROS ESPIELL	Uruguay
	Mr. PEREZ LA SALVIA	Venezuela

Also present: Mr. HANSEN Chairman of the Preparatory
Committee of the United
Nations Conference on Trade
and Development

/Observers from

Observers from States
Members of the United
Nations not members of
the Commission:

Mr. HOFINGER	Austria
Mr. PRUDS	Belgium
Mr. PIROCH	Czechoslovakia
Mr. KEPLS	Hungary
Mr. TANI	Japan
Mr. ROMEL	Poland
Mr. RUICA	Rumania
Mr. BASSOLS	Spain
Mr. HARTENSON	Sweden
Mr. ALEXEEV	Union of Soviet Socialist Republics
Mr. LAMNOVIC	Yugoslavia

Observers from States
not members of the
United Nations.

Mr. GRAF	Switzerland
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Representatives of
specialized agencies:

Mr. HERNAN SANTA CRUZ	Food and Agriculture Organization
Mr. de SILVA	United Nations Educational, Scientific and Cultural Organization
Dr. BUDNIK	World Health Organization
Mr. BRAND	International Monetary Fund

Representatives of inter-governmental
organizations:

Mr. SANZ	Alliance for Progress
Miss DEBHAYE	European Economic Community
Mr. EPIENNE	General Agreement on Tariffs and Trade

/Mr. LAGO

Mr. LAGO	Inter-Governmental Committee for European Migration
Mr. REY	Inter-American Development Bank
Mr. SOLA	Latin American Free- Trade Association
Mr. WIONCZEK	Latin American Centre for Monetary Studies
Mr. MAGAÑA	Organization of American States
Mr. BENNATON	Permanent Secretariat of the General Treaty on Central American Economic Integration

Secretariat:

Mr. PREBISCH	Executive Secretary of the Commission
Mr. Alfonso SANTA CRUZ	Deputy Executive Secretary of the Commission
Mr. MAYOBRE	Commissioner for Industrial Development
Mr. HEURTEMATTE	Deputy Managing Director of the United Nations Special Fund
Mr. LARA	Latin American Institute for Economic and Social Planning
Mr. VALDES	Secretary of the Commission

/PRESENT STATUS

PRESENT STATUS OF THE LATIN AMERICAN ECONOMY (continued)

Mr. SOLA (Latin American Free-Trade Association) said that the Alliance for Progress, in addition to setting forth certain aims and objectives, had dealt with the methods and instruments needed to attain them. Those methods and instruments were, firstly, the economic and social development of each country on the basis of planning, of structural reforms and of external assistance in financing the implementation of the plans; secondly, economic integration, and thirdly, the safeguarding of Latin America's export products in the world markets. The Treaty of Montevideo was largely due to the interest and initiative of ECLA, and the above-mentioned methods were also evidence of ECLA's influence on Latin American thinking. The Treaty was an example of the heterodoxy referred to in Mr. Prebisch's statement at the 87th. meeting, and embodied, for example, a principle for which Latin America and ECLA had long fought, namely that there could be no true reciprocity between countries whose economic power differed widely if the same obligations were imposed on both. It also provided machinery whereby complementarity agreements could relate to a single sector where the prospects of progress were more promising, thus acting as a stepping stone to general integration. Furthermore, the liberalization programme was very different from that provided for in the European programmes, since a selective method of negotiation was envisaged.

/External trade

External trade had always been more lively than intra-regional trade, and hence the trade links between the Latin American countries were not robust enough to permit any automatic system of tariff elimination. The system also had to provide for the equalization of the various duties and charges that had grown up since the last war, as well as of the customs duties themselves, a point that was not fully appreciated in other countries. As with coal and steel in the early days in Europe, the Treaty provided for liberalization and integration in the sectors where there would be least resistance; that might be described as "unbalanced integration", but it paved the way for a more general change. Already over 7,600 concessions had been granted, and there were 2,175 fully negotiated concessions involving complete abolition of duties; moreover, incomplete figures indicated that trade during the first year was 37 per cent higher than in 1961.

It had been said that the obstacles to integration arose, firstly, from certain deeply rooted notions of autonomy, and secondly, from some degree of apathy and lack of understanding of the national point of view by certain sectors. The result was an attempt to manufacture in every country all the goods required. In that connexion he referred to the resistance at Punta del Este to the idea of effective co-ordination of national development plans at the international level. Not enough thought was given, when national plans were drawn up, to relations with neighbouring economies. At the recent meeting of planning and industrial development bodies in Lima, it had been recommended that the countries that submitted plans should be asked to include in them a special section on the relations of the plan to the extended Latin American market.

/Under the

Under the Montevideo Treaty, special facilities were granted in the case of plans to produce a new product for which the whole Latin American market would be needed. The Contracting Parties also had an understanding approach to cases of special difficulties. However, in some cases there was a lack of enthusiasm on the part of Governments for the work of ALALC, and a divorce between the authorities dealing with its problems and those dealing with planning and economic development. At the Lima meeting the experts had recommended to their Governments that in each of the bodies concerned the Contracting Parties should deal with the Association's problems, and ensure active and senior representation in the planning and development bodies. There were sometimes unfortunate delays at the government level, and he referred to the case of the agreement on radio valves six months previously by a meeting of entrepreneurs, providing for complementarity in this sector and full liberalization in the principal Latin American countries; yet so far only one country had shown itself ready to implement the arrangements at once.

In some cases the entrepreneurs themselves failed to show sufficient understanding of the opportunities that existed. Tariff concessions alone would not generate trade; the business men had to go out and conquer the market for themselves, and that was why the 37 per cent increase in trade he had referred to represented greater increases for some countries than for others as a result
/of liberalization

of liberalization under the Treaty. A notable example had been set by the entrepreneurs of Mexico, Argentina and Ecuador. The reciprocity discussions had been extremely difficult, and no one could say for certain exactly what the actual degree of reciprocity would be, but the liberalization programme presented new opportunities for individual initiative. Would Latin American business men be able to sell industrial goods in the developed countries of the world if they had been unable to sell them in Latin America under the protective shelter provided by the Treaty preferences? Buyers came to Latin America from abroad in search of such commodities as coffee and meat, but if the region was to export non-traditional items to the world market, its business men must acquire the necessary marketing techniques. In that connexion he referred to the steady deterioration of the terms of trade, and to an ECLA document analysing the structural and economic reasons for the divergent trends in the prices of primary commodities and industrial products. That could not be the result of some strange conspiracy on the part of the industrial countries, since the same divergence was found within each of those countries, and he referred in particular to the course of events in the United States, culminating in the problem of the agricultural surpluses. The same deterioration in agricultural prices occurred even if the market forces were allowed free play.

/It was

It was the increasing disparity between technical progress and standards of living in agriculture as compared with industry that lay at the root of the agricultural problem bedeviling Latin America, and not the ideas of autonomy to which he had referred earlier. The only solution was a radical change in the structure of exports, and the Latin American market was the only field where the necessary experience could be gained in extending the range of industrial exports. Unfortunately most of the entrepreneurs who came to Montevideo seeking information with a view to launching new activities in the Latin American countries were from outside the region. Although, as Mr. Prebisch had often said, the great virtue of foreign private investment was that it provided Latin America with an opportunity of absorbing modern technologies, that opportunity would go to waste if Latin American business men could not be persuaded to play their full part in economic development and integration programmes. ALALC, in conjunction with the Inter-American Development Bank, was undertaking a programme for the promotion of integration, by pointing out to entrepreneurs the private market opportunities that existed. It was hoped that as a result the annual negotiations would lead to the introduction of new production lines, for which business men were in need of background information and guidance.

At the Bogota meeting on trade policy it was decided that since the countries had such varied methods of regulating foreign trade, the first step must be to standardize the principles of regulation, and use only indirect methods. The secretariat was

/asked to

asked to press on with studies envisaging the standardization of external tariffs and of the procedures applicable in each country to Latin American imports. Only when a minimum of uniformity had been established in the regulation of foreign trade and the duties applied to various goods, could there be true reciprocity between countries. It could not exist between two countries if the average duty in one was 20 per cent and in the other 150 per cent. Following the Committee's instructions the secretariat was organizing a programme of meetings of entrepreneurs. The first, dealing with the glass industry, had taken place recently in Montevideo, and had drawn up the bases for an immediate liberalization agreement for the whole sector; other meetings in the more dynamic sectors would take place within the next few months. In addition the ALALC Governments had already begun making the initial changes in preparation for the next round of negotiations, in pursuance of the undertakings made at the conference in Mexico.

The whole programme would require national decisions at the highest levels to take the necessary measures. The Presidents of Brazil and Chile had established machinery for regular consultation at the ministerial level, which would undoubtedly be most fruitful.

At the first conference between the Contracting Parties the Treaty had been described as principally an instrument of trade policy, but events had since shown it to be much more. It was an instrument for the establishment in Latin America of new lines of production, that would also permit increased efficiency and productivity in existing lines. It was a means for effecting

/in the

in the most economic and productive form the investment programme referred to at the previous meeting by Mr. Raul Saez. And it was capable of increasing production, employment and development in order to meet the material aspirations of the peoples of Latin America.

Mr. HEURTEMATTE (United Nations Special Fund), after conveying Mr. Hoffman's good wishes for the success of the meeting and for the future of ECLA as an effective technical instrument of regional collaboration in the interests of development, said he would like to make some comments on the Special Fund as a mechanism for promoting economic development, with particular reference to Latin America. In the majority of cases, its operations were limited to specific sectors or projects of major national importance. It had been noted that certain potential sources of capital for investment were apt to freeze up in the absence of attractive and feasible projects that would be sure to give satisfactory results. The main purpose in mind therefore in establishing the Fund was to stimulate investment through the proper technical preparation of projects. Three categories of pre-investment services had been drawn up: (a) technical studies for the development of natural resources; (b) technical research on the utilisation of local raw materials; and (c) training programmes for technical personnel. The Fund was also prepared to consider any project falling outside those categories provided that it was of a pre-investment nature. The prime requisite for qualification was that a project should be capable of stimulating the flow of credit and investment capital, whether public or private.

/The most

The most striking results had been obtained from the studies of natural resources and basic services. In Chile large commercial deposits of iron ore had been found, which had already attracted many potential foreign private investors and in Argentina electric power requirements for the next ten years had been calculated and half the necessary capital already supplied. A transport study had been made there and a modernization plan drawn up for the railways, highways and river traffic which at the very outset had already attracted 100 million dollars. A comprehensive pilot project on land settlement and farming practices with far reaching implications for the rest of Latin America had been completed in Ecuador, with the co-operation of FAO, and promised to multiply six-fold the income of the farmer. In addition, Guatemala's water resources had been surveyed. In all, the Fund had ninety-two projects under way in Latin America.

Investment in human resources could not offer such spectacular results, but it was undoubtedly the most productive in the long run, and the Fund was therefore allocating an increasingly large proportion of its funds to the establishment of national and regional training institutes. Many had already been created in Latin America, foremost among them being the Latin American Institute for Economic and Social Planning, in which the financial resources of the Fund combined with the technical and intellectual resources of ECLA to train personnel in the techniques and methodology of economic and social development programming. He congratulated the Institute on the magnificent work it had accomplished in so short a time paying particular tribute to Mr. Prebisch, by whose concept of planning as a dynamic development /instrument the

instrument the Institute had been inspired, and to Mr Herrera and Mr. García Reynoso.

At the opening of its fourth year of operation, the Fund had almost 300 projects under way to a total value just short of 600 million dollars. Sixty per cent of that sum had been contributed by the member countries of the Fund as against 40 per cent by the Fund itself, which indicated that the programme was based on common effort and acceptance of responsibility by all nations. Instead of merely acting as a medium for transferring funds from the wealthier to the needier countries, the Fund was proving itself to be a highly effective instrument of international collaboration for the expansion of the world economy.

At the regional level, the Fund's resources had been distributed on a fairly equal basis. But the contributions it received were very uneven, that of Latin America being not even a fifth of the Asian contribution, and even less than that of Africa. It was hoped that the disparities would be ironed out when more confidence was felt in the Fund in Latin America.

Mr. GARCIA REYNOSO (Mexico) said that Latin America owed much to the work done by ECLA since its establishment in 1948, when knowledge of the obstacles to Latin American economic development had been mainly intuitive, and the rest of the world had viewed the area as a mere appendage of the economies of the industrial centres of the world. The very need for ECLA had been questioned on the grounds that Latin America had not suffered from the Second World War. Yet Latin America had been faced then with serious economic and social problems for which solutions were still being sought. Such progress as had been made in some sectors between 1948 and 1963 was chiefly due to ECLA's work and the combined efforts of the Latin American countries. If the situation in /other sectors

other sectors had deteriorated since 1948, that was due to a number of factors, many of them beyond Latin America's control, and the blame could not be placed on ECLA. The Commission had begun by making a thorough study of Latin America's problems and had been the first to suggest the idea of regional economic integration. The suggestion had been followed in 1951 by a specific proposal for the economic integration of Central America. The existence today of the Central American Common Market, the Montevideo Treaty, of growing technical assistance programmes, of economic development planning, and of the Inter-American Development Bank, was the result of ideas developed by ECLA, many of them regarded as unfeasible at the outset. Not only had they proved feasible, but the interval between their formulation and their application was steadily being reduced. It had taken twelve years for the concepts included in the first economic development study in 1949, concerning national planning and structural reforms, to be enshrined in the Charter of Punta del Este. Ten years had been required to set up the Central American Common Market, five years to establish the Inter-American Development Bank and to sign the Montevideo Treaty, and only two years to create the Latin American Institute for Economic and Social Planning.

One of ECLA's major contentions, namely that the economic development of Latin America was faced with a population explosion and technological backwardness, had proved to be sound but its acceptance by the more developed societies had been very difficult. That might well explain the fact that in terms of economic achievements Latin America was, with very few exceptions, in the same position today as it had been fifteen years earlier.

/During the

During the Second World War it had maintained a steady rate of economic growth, which had subsequently declined since 1955, bringing a number of Latin American countries to a position of stagnation and, in some of them, producing a reduction in the absolute levels of per capita income which had lasted until the end of the fifties.

Mexico had been an exception to the trend, its domestic product growth rate having increased during the past fifteen years to an annual figure of 6.3 per cent, the growth rate of real income being only slightly below that figure. As a result, the gross national product had increased by 90 per cent between the first five years after the war and 1955-1960. During the same period, agricultural production had increased by 110 per cent, manufacturing output by 94 per cent and construction by 82 per cent. However, even in Mexico where those improvements had been achieved as a result of the structural reforms introduced after the Revolution, difficulties were now arising - in the external sector through the deterioration of the terms of trade and in the internal sector as a result of the reduction in the volume of private investment. Mexico was attempting to overcome those difficulties by increasing the scope of its structural reforms and by actively supporting the regional economic integration programme. Its short and medium term development plans were geared to an annual growth rate target of between 5 per cent and 6 per cent for the gross national product.

Latin America was still faced with the same problems with which it had been confronted fifteen years earlier. However, as a result of ECLA's attempts to facilitate the economic development of the region a clear picture had emerged of Latin America's

/weaknesses and

weaknesses and of the measures required to overcome them. The region was thus in a better position to shape its destiny. In the circumstances, ECLA should undertake a new programme of activities for the future, concentrating on sectors constantly faced with problems. Its programme should include the following points:

1. A reappraisal of the co-operation between the Latin American Free-Trade Area and the Central American Common Market, on the one hand, and ECLA on the other;
2. A review of the attempt being made to arrive at a common Latin American trade policy towards third countries and other regional groups;
3. A study of the effects of GATT's policies on the Latin American countries;
4. A more intensive effort to make advanced techniques available to Latin America;
5. Studies on actual social conditions in Latin America and their inhibiting effects on economic development.

With respect to the first point, a decision should be taken at the present session as to what ALALC and the Central American Common Market could do to solve their more immediate problems and what the nature of the Commission's long-range co-operation with them should be. While still in their initial stages, the two economic integration programmes could be expected to move more rapidly in future.

ECLA might therefore start immediately to look for solutions which would be adequate when the time came for the transition from a free-trade area to a common market. It should do so on the basis of a general approach and a system of priorities to which future research would be related, and of possible co-operation with other international agencies.

/The question

The question of trade relations with other regions should also be reviewed again. Some countries of the European Economic Community appeared to be more favourably disposed towards Latin America than hitherto, particularly with respect to an increase in mutual trade and the provision of financial resources and technical assistance. Latin America could expect in future to negotiate with the European countries on better terms than it had in the past. What was now required, as pointed out by ECLA, was a Latin American common front, since some of the countries in the area were adversely affected by the protectionist policies of EEC. Also needed was a thorough analysis, based on up to date statistics, with a view to defining the obstacles to increased economic relations with Europe. There was still no clear picture as to what could and could not be negotiated with Europe. A common negotiation strategy was therefore needed. In that connexion, a meeting of the ECLA Trade Policy Committee, attended by high-level government representatives responsible for the formulation of trade policy in their own countries, might be held within a reasonable period of time.

In connexion with the desirability of making more advanced techniques available to Latin America, the fact of the matter was that the technological gap between the area and the developed countries was still increasing. There was thus an urgent need to make use of the technical advances applicable to Latin America's level of development. Now was the time to do so, in view of the more favourable attitude of Latin American entrepreneurs towards new techniques. Research, to which a mere 0.15 per cent of Latin America's gross national product was now devoted, should be expanded so as to reach the minimum acceptable figure for investment in technological research - 2.5 per cent.

/Lastly, a

Lastly, a systematic study of actual social conditions in Latin America and their inhibiting effects on economic development was essential. An objective analysis of that topic had not yet been undertaken and should be given high priority. Fortunately, ECLA had submitted a number of papers on the subject and the Latin American Institute for Economic and Social Planning was preparing a comprehensive research programme on the social aspects of development.

Mr. Prebisch had pointed out in his paper that the future economic and social growth of Latin America depended on major political decisions. Such decisions depended on public support for progressive economic and social policies. Public support could only be forthcoming if the people of Latin America were properly informed. Thus, a major effort should be undertaken to set up suitable information media, so far lacking in the region, through which the public could learn of the work being done in the field of economic and social development and regional integration.

An item should be included in the agenda of the present session under the title of "Problems of disseminating, on a national and regional scale, the experience and teachings of ECLA and other international organizations, with particular reference to problems of economic integration." Moreover, a group of experts might be set up by ECLA, on which information specialists familiar with Latin America's problems could serve for the purpose of preparing a plan of action to attain the above-mentioned objectives.

/Mr. SUMMERS

Mr. PARET (Canada) expressed his Government's pleasure at attending an ECLA session for the first time as a member of the Commission.

Referring to the agenda item under discussion, he pointed out that Canada, as a neighbour of Latin America, had a vital interest in its economic development. It was fully alive to the problems besetting the region, particularly those deriving from deteriorating terms of trade, and hoped that it would succeed in broadening its trade and diversifying its industry both for its own sake and for the benefits that would accrue therefrom for the continent as a whole. His Government had come to understand those problems more clearly from the work and studies of the ECLA secretariat, and was deeply appreciative of the part played by Mr. Prebisch in directing its activities. On behalf of the Canadian Government he congratulated Mr. Prebisch on his appointment as Secretary-General of the United Nations Conference on Trade and Development and welcomed Mr. Mayobre as the new Executive Secretary of ECLA.

Another item on the agenda that particularly interested Canada was technical assistance. Canada contributed substantially to the expanded programme of Technical Assistance and the Special Fund, and also cooperated with Latin America through the World Bank. The Canadian Government provided considerable long-term private credit facilities on a direct basis, since it was convinced that long-term financing for the purchase of capital goods was essential to the region's economic development. It was also convinced of the value of judicious private investment, and the flow of capital from Canada's private sector had increased appreciably in latter years.

His country was keenly interested in the programmes for the economic integration of the region and the development of the

/free-trade area

free-trade area and Central American Common Market, which were bound to lead to greater prosperity. Canada was anxious, however, that countries belonging to regional groups should do nothing to jeopardize their economic relations with non-member countries or to maintain unduly high internal price levels through excessive protection.

Mr. GROS ESPIELL (Uruguay) said that economic and social development was essential to the peace, political stability and collective security of Latin America. ECLA's work in helping the Latin American countries to solve their economic and social problems was therefore of major importance. ECLA had exerted a considerable influence on Latin American economic and social thinking, particularly with respect to such subjects as income distribution in the international market and the continuing effect of the deterioration in the terms of trade and the remittance of funds abroad, the urgent need for the proper industrialization of the continent as the only way to raise its level of living, the impulse given to regional economic integration, and the need for development planning.

While the planning of the Latin American economies was obviously the only way to speed up the process of economic and social development, and planning over the long term

/was an

was an important factor in that process, it was nevertheless true that the peoples of the continent expected immediate results particularly in the social field. Attempts had been made to find general standards and principles of action and to apply over-all and sectoral planning techniques.

However, it should be borne in mind that each country had its own historical and political context and had to undertake planning within that framework. Uruguay was confident that it could plan its economy on a democratic basis through a process of co-operation among all the sectors involved: the Government, the entrepreneurs and the trade unions. In 1961 it had started to organize planning and the preliminary arrangements had been submitted to OAS, ECLA and IDB.

Their technical assistance had proved invaluable in setting up the first few cadres of the planning programme. The cadres had worked for a year on the gathering and sifting of data and the establishment of contacts with the public and private sectors as a means of strengthening the analysis required before the decision-making stage was reached. The work had been completed and the country was now setting up its planning office at the highest level and was embarking upon a coherent planning process, with particular emphasis upon specific development projects.

/Uruguay attached

Uruguay attached considerable importance to the question of Latin American economic integration and felt that no substantial progress could be made unless the barriers to the process of integration were removed. Only through an adequate expansion of markets could new industries be established and the economic activities of the countries concerned made more efficient. The process of import substitution was virtually at an end in Uruguay and external demand could be met only through an expansion of its small domestic market. His country was therefore prepared to give its full support to the meeting of Ministers for Foreign Affairs and Finance to be held with a view to discussing and solving, at the highest government level, the problems of the Latin American Free-Trade Area.

With respect to the terms of trade, Uruguay attached particular importance to the question of international economic relations with the industrialized areas. Latin America was still suffering from the persistent deterioration in its terms of trade with the rest of the world. No amount of international assistance could compensate for the losses suffered as a result of low prices on international markets. Fair prices and fair markets were needed, instead of external loans and aid. The problem was becoming more acute in view of the nuclei being formed through the European Common Market. Latin America could not remain indifferent to that state of affairs and the present session offered an opportunity to seek a solution to the problem. The documents

/submitted to

submitted to the session provided considerable information which might lead to specific recommendations to Governments. The Commission should also express its views as to the position Latin America should take at the forthcoming World Conference on Trade and Development.

Mr. de SILVA (United Nations Educational, Scientific and Cultural Organization) said that he had been gratified to note the emphasis placed by a number of speakers on the role of education in economic and social development. The time had come for action designed to implement the dual role of education: to enable every man to exercise his right to participate in his country's cultural heritage and that of the world, and to provide him with the necessary training to fit him to participate effectively in the process of development of the society to which he belonged. In that connexion, the application of science and technology was perhaps the most pressing problem as being essential to the fulfilment of social, cultural and even political requirements. That point had been stressed at the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Countries. Education was equally essential in the rural sector in order to enable the rural worker to avail himself of employment opportunities in other sectors of the economy when increased output resulted in the loss of such opportunities in agriculture.

/As long

As long as the present high rate of illiteracy persisted in Latin America, the people could not participate as they should in the development process. Unless the average level of education which now consisted of three years of primary school, was raised, the minimum level of education required for rapid progress could not be attained, nor could any increase in output and in the technical improvement of agriculture and industry be expected without adequate provision for the training of the labour force. Joint and systematic action by educators and economists was therefore required, with the educator giving due priority to education in the determination of targets and the allocation of resources within over-all development plans. The educator had to act in accordance with the requirements of those plans, bearing in mind the intrinsic values of education. The realization that such action could not be spontaneous but had to be carefully planned had led to the emergence of the theory and practice of educational planning, to which UNESCO had for several years devoted much of its effort and funds in Latin America and elsewhere. Fruitful co-operation in that field between UNESCO and ECLA had led to the Conference on Education and Economic and Social Development in March 1962. Another manifestation of that co-operation was the first course on educational planning organized jointly by UNESCO and the Latin American Institute for Economic and Social Planning, and the forthcoming establishment of an educational planning section by those two institutions.

/Moreover, UNESCO

Moreover, UNESCO experts on educational planning were co-operating closely with the advisory groups working under the OAS/ECLA/IDB tripartite agreement. UNESCO and ECLA were thus making a valuable contribution to the efforts of the Latin American countries to improve the material and spiritual levels of living of their peoples.

Mr. BRAND (International Monetary Fund) conveyed the best wishes of the Fund for the success of the Conference. The Fund, in common with all the participants present, was deeply interested in the economic development of the less developed areas, which should be regarded as one of the most important tasks of the century.

The problems facing Latin America were both acute and deeply-rooted. Because of their complexity it was imperative for all those interested in the progress of the region to work in close co-operation, while at the same time giving primary importance to their particular field of competence in order to avoid wasteful duplication of effort.

The role of the Fund in assisting the region was not that of a development agency in the true sense of the word. The most direct contribution it had to make was in the financial field by giving its member countries technical and financial assistance to enable them to carry out policies which would provide the foundation for sound economic growth. Although not sufficient in themselves to ensure the developing countries the rate of growth to which they aspired, policies to assure internal and

/external stability

external stability and to avoid recurrent balance-of-payment crises and price increases were a vital factor and there was no realistic alternative. Such financial programmes should not be regarded as palliatives but should form part of a body of policies designed to promote development over the long term. They should, in fact, be regarded as an element in development planning on the same level as, for example, project analysis. If they were looked at from that standpoint, the fear that stabilization involved extraordinary measures would be dispelled.

In that respect, it would perhaps be best to describe such measures as co-ordinated financial policies based on real resources rather than stabilization programmes, since what they actually entailed was the objective assessment of a country's real financial resources and their allocation through credit, fiscal and related policies. Unfortunately countries usually called for such measures when they had already reached the point of crisis, but even in those conditions their application simply implied a slowing down of the pace of expansion to bring it within the limits set by the real resources available.

The Fund also gave financial assistance to members to tide them over the period of adjustment from inflation to stability or to help them in applying co-ordinated financial policies. Such assistance had been particularly extensive in Latin America, which had drawn 1,400 million dollars from the Fund by the end of March 1963, a sum 100 per cent in excess of the Latin American

/countries' quotas

countries' quotas combined. In addition, all the Latin American members but one had had stand-by arrangements with the Fund at some time or another, and all but two had made use of them.

The Fund had been giving considerable attention in recent years to short-term measures to offset the balance-of-payments impact of fluctuations in the prices of primary commodities and the deterioration in the terms of trade. It had also made an intensive study of the matter to see what further contribution it could make to solving the problem: the study had resulted in a decision on the part of the Fund to create a new compensatory financing facility to broaden its balance-of-payments support for member countries, particularly those that exported primary commodities. The new facility would normally amount to 25 per cent of the member's quota and would enable the Fund to grant assistance more readily in cases of payments difficulties resulting from an unexpected drop in exports. In relation to the same decision, the Fund intended to make a more comprehensive study of the possibility of raising the quotas for certain primary-producing countries that suffered most acutely from fluctuations in export earnings.

Another topic on the agenda of the present Conference that was of particular interest to the Fund was the economic integration of Latin America. Some financial aspects of integration had a close bearing on the Fund's sphere of competence and had been studied by it on several occasions. One question that had come to the fore again recently was the adequacy of payments and

/financing facilities

financing facilities for intra-Latin American transactions. An improvement in those facilities would undoubtedly help to expand regional trade. In view of the renewal of interest in that matter, the Fund had agreed to undertake a study on existing facilities and the possibility of improving them through a special system such as a regional clearing house.

Dr. BUDNIK (World Health Organization) said that the interdependence of economic development and social welfare had now been fully realized. A healthy population was recognized to be a vital factor for progress, and funds to promote health should be looked on as a productive investment rather than a mere item of expenditure.

The concept of health as a state of complete physical and mental well-being was the basis of the work of the Pan American Organization and the World Health Organization. That concept was far removed from actual conditions in Latin America, where the prevalence of infectious diseases, malnutrition, insanitary housing and low income levels combined to produce a high death rate, a short life expectancy, and unsatisfactory performance on the part of school children and adults. Furthermore, there was an acute shortage of medical and auxiliary personnel in the region.

He drew attention to the official recognition of the importance of health in the Charter of Punta del Este. It was recommended that health planning units be set up in co-ordination

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with national planning commissions and public health plans prepared with the technical advice of the Pan American Health Organization.

In the training of staff who would have responsibilities in health planning, there had been co-operation with ECLA, the Latin American Institute for Economic and Social Planning, the universities, and schools of medicine and public health. In addition, health experts had taken part in some of the special joint missions of ECLA, IDB and OAS that advised on the preparation of national development plans. In conjunction with the Centre for Development Studies of the University of Caracas a planning manual had been prepared, and experimental studies had been begun in a number of countries. Mutual understanding had been achieved between economists and health experts in the approach to economic development and social welfare.

He referred to the recent meeting of Ministers of Health convened by the Pan American Health Organization, which had considered different aspects of health, and had indicated planning, the training of technicians, the organization and administration of health services, and research, as the basic instruments to protect the community's health. Special emphasis had been placed on the urgency of meeting the aspirations of the peoples of Latin America to a better life, for which improved health conditions were an essential condition.

The meeting rose at 7.20 p.m.

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