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386 (XVIII). PREPARATIONS AND CONTRIBUTIONS BY ECLA, FOR THE
FORMULATION OF THE NEW INTERNATIONAL DEVELOPMENT
STRATEGY FOR THE THIRD UNITED NATIONS DEVELOPMENT
DECADE 5/

The Economic Commission for Latin America,

Reiterating that the formulation of the new international development strategy should be based on the concepts of the new international economic order contained in General Assembly resolutions 3201 (S-VI) and 3202 (S-VI), which constitute the Declaration and Programme of Action thereof, and in Assembly resolution 3281 (XXIX) on the Charter of Economic Rights and Duties of States, as laid down in General Assembly resolution 33/193, which formulates the guidelines for its preparation,

Recalling that General Assembly resolution 33/193 lays down a set of interrelated measures to ensure economic and social progress in the developing countries and that it accordingly specifies among the objectives which should be attained for the benefit of the developing countries: far-reaching changes in the structure of world production; a substantial increase in agricultural production in the developing countries and effective access for such products to international markets; the development of physical and institutional infrastructure; industrialization at the rate necessary to achieve the targets laid down; improvement of the terms of trade; a substantial increase in exports and the establishment of special and preferential treatment for the developing countries; a substantial increase in real terms in the transfer of resources on a predictable, reliable and continuous basis; organization of the international monetary system; removal of obstacles to the promotion of the transfer of technology, and encouragement of the development of domestic technological capabilities, and recalling moreover that the preparatory committee set up under that resolution has already begun its work,

Also taking into account the fact that resolution 33/193 emphasizes that the new strategy should reflect, in an appropriate manner, the need for adequate policies for the promotion of social development, to be defined by each country within the framework of its development plans and priorities and in accordance with its socio-economic structure and stage of development, taking into account that the final aim of development must be the constant increase of the well-being of the entire population on the basis of its full participation in the process of development and a fair distribution of the benefits therefrom, recalling other provisions of the resolution relating to the mobilization of national resources, the integration of women and youth, and the protection of the environment, and also bearing in mind that that resolution states that the new strategy should "contribute to the promotion of the objective of national and collective self-reliance of the developing countries, especially through the promotion and support of economic and technical co-operation among themselves",

5/ See paras. 572-574 and 579-583 in vol. I of this report.

Considering that resolution 33/193 requests the regional commissions to contribute effectively to the preparatory work for the new strategy by providing inputs, including relevant documentation, in accordance with the objectives set forth in the same resolution, and that it also requests the executive secretaries of the regional commissions to bring their respective experience to bear on the preparation of their inputs to the formulation of the new strategy, taking fully into account the different levels of development and the differing development situations of their respective regions,

Also bearing in mind that in accordance with resolution 33/193 and the problems affecting Latin American development it is incumbent on the Commission to contribute to the preparation of the new strategy so that it will constitute an effective international plan of action for promoting the economic and social development of the developing countries and will at the same time take account of the topics and objectives which are of transcendental interest for the solution of the various economic development situations of the countries of the region, and that once the new strategy has been adopted by the General Assembly, the Commission should promote its implementation at the regional level and organize itself to carry out the activities of appraising the progress achieved with respect to the goals and objectives and the implementation of the policies and measures laid down in the new strategy,

Considering that, despite the efforts made by the developing countries of the region towards the objectives set out in the International Development Strategy for the Second United Nations Development Decade and the shaping of a new international economic order, these have not been sufficient to boost the development of the developing countries owing, inter alia, to the obstacles deriving from the policies and measures imposed by the industrialized countries and the acceleration of the remittance of profits outside the region and other negative practices of the transnational enterprises, with the result that Latin American development is still facing serious problems and obstacles of a structural nature at the national level and above all at the regional and international levels, the manifestations of which include the following:

(a) The rate of economic growth has declined considerably since the middle of the present decade, and a large number of countries in the region have continued to achieve unsatisfactory and extremely slow progress. Agricultural output, despite technological progress and diversification, has continued to follow the historical trend, and industrial output has suffered an appreciable decline in vigour in recent years. This evolution is clearly at odds with the region's potential for economic growth, in view of its natural resource endowment, the abundant availability of labour and the capacity to promote an adequate process of investment and to carry on private and public management of the economy, despite the problems and obstacles of an internal and external nature suffered by the developing countries of Latin America, including the restrictive practices of the transnational enterprises and problems of a structural character. It is therefore necessary to envisage solutions, within the formulation of the third international development strategy, for the problems created by the application of strategies unsuited to the characteristics of the region;

(b) The region continues to show indications of substantial economic and social backwardness in many aspects and features which characterize this stage in its development: ineffectiveness in promoting the full productive employment of human resources; a very high concentration of ownership of property, income

distribution and consumption; increasing foreign debt; situations of intolerable extreme poverty and indigence; marked heterogeneity in the systems of production, which is reflected in the economic and technological backwardness prevailing in the productive activities of a large proportion of the labour force and also in the low level of integration of the national economies; insufficient development of industrial production of fundamental categories of basic and capital goods needed to stimulate economic development; unbalanced external trade, with primary commodities taking up a large share of exports, while imports are largely composed of industrial products and capital goods essential for the growth process; and low levels of domestic saving and considerable dependence on external investment and financing, which help, along with other factors, to limit the self-determination that national development policies should enjoy;

(c) The far-reaching social changes which have accompanied the prevailing process of economic growth in the region have helped to shape societies which are unjust and highly polarized, with increasing social differentiation and extremely unequal distribution of the benefits of growth;

(d) The decline in the economic growth rate is largely attributable to the recession and fluctuations in the world economy, and in particular to the course followed by the situation of the industrial countries, on which Latin America is still highly dependent. These unfavourable economic developments have heightened the gravity of the social problems mentioned above;

(e) Despite some promising advances in economic co-operation and mutual trade among Latin American countries, several economic integration agreements are encountering serious difficulties, and the objectives and targets laid down have not been achieved. In addition, the efforts of the developing countries to implement the measures adopted at the Conference on Economic Co-operation among Developing Countries, held at Mexico City from 13 to 22 September 1978, 6/ have not received sufficient support from the industrialized countries, particularly in UNCTAD and UNDP;

(f) Serious difficulties are being encountered in achieving the necessary degree of expansion and diversification of exports of primary commodities and semi-manufactured and manufactured products. The obstacles which hamper and limit access to the markets of the developed countries are increasing as a result of the proliferation of tariff and non-tariff barriers, including measures which have aggravated and worsened the climate of protectionism now dominating international economic policy. To this must be added the worsening and instability of the terms of trade, the burden of foreign indebtedness, the deterioration in the terms of financing and the fluctuations and uncertainty in the currency and exchange markets, which adversely affect the interests of the developing countries;

(g) The industrial redeployment assistance measures in the developed countries which are used to maintain inefficient industries adversely affect the interests of the developing countries, while the agreements on the restructuring of industry in the developed countries, which affect the developing countries, have so far been reached in forums in which the latter countries do not participate;

(h) In practice, concepts have been followed which are not accepted by the international community and are contrary to the efforts to establish a new international economic order, such as grading, selectivity and access to supplies;

6/ See A/C.2/31/7, part one.

(i). International commodity markets, including the commodity exchanges, are frequently monopolized by the transnational corporations, in favour of their own interests.

The international situation described above is preventing the Latin American countries from fully mobilizing their potential resources and carrying through appropriate economic policies to achieve the efficient allocation of their resources and promote dynamic growth in productivity and income.

It is therefore urgently necessary for the countries of the region to intensify their national development efforts and, for the same purposes co-ordinate vigorous action on the basis of regional and international solidarity to tackle the problems indicated for the benefit of all the countries alike. To this end, it is essential to promote the formulation and application of a regional plan of action for the forthcoming decade, which should be linked with the preparation and application of the new international development strategy as far as the countries of Latin America are concerned.

Taking account of the secretariat documents entitled "The economic and social development and external economic relations of Latin America" 7/ and "Long-term development trends and prospects of Latin America" 8/ the biennial appraisals by ECLA of the economic and social evolution of the Latin American countries and the implementation of the current Strategy for the Second United Nations Development Decade, and especially the fourth appraisal, which lays down guidelines and proposals concerning the position of the countries of the region with regard to the objectives, policies and measures which should be adopted at the national, regional and international levels, the following fundamental aspects of the basic objectives and policies of Latin American development should be stressed, inter alia:

A. As regards international co-operation

(a) International co-operation is needed if the materialization of the developing countries' own efforts is not to come to naught. This requires structural changes in the functioning of the world economy in order to lead to the establishment of a new international economic order, especially as regards - among other aspects - the expansion of the developing countries' share of production and income in the development of the world economy; the elimination of protectionism; the reform of existing rules and procedures in the financial, trade and monetary field - particularly those of IMF and GATT - to ensure that due account is taken of the interests of the developing countries; the non-application of concepts contrary to the establishment of the new international economic order, such as grading, selectivity and access to supplies, the expansion, diversification and increased processing of their exports; fairer and more stable terms of trade; stabilization of the international commodity markets; adequate and foreseeable external financing; appropriate access to science and technology, and effective supervision of the activities of the transnational corporations. A new form of insertion of Latin America into the international economy should not be regarded as an end in itself but as a means of contributing to the achievement of the basic objectives of the economic and social development of the countries of the region.

7/ E/CEPAL/1061 and Add.1.

8/ E/CEPAL/1076.

(b) An essential requisite for the development of the Latin American countries is that the developed countries should substantially improve access to their markets for primary, semi-manufactured and manufactured goods produced by developing countries, taking into account the recommendation in General Assembly resolution 33/193 to the effect that special and preferential treatment should be extended to the exports of those countries. It is of vital importance to define and put into practice rules that will enable the latter to implement dynamic export promotion policies, establish a programme to eliminate the restrictions applied by the developed countries to the detriment of imports from the developing countries, and strengthen the Generalized System of Preferences and place it on a permanent footing;

(c) To secure the elimination of the tariff and non-tariff protectionist barriers of the developed countries, a strategy of vigilance over the protectionist acts of those countries should be introduced which can even review on a case-by-case basis whether the application of a protectionist measure is essential on the part of a developed country, on the basis of conditions of application which must be negotiated and in the light of the export interests of the developing countries;

(d) It is particularly important that world industry should be restructured so as to favour the industrial development of the developing countries. For this purpose it is necessary, inter alia, that the developed countries should adopt effective measures for the redeployment of those sectors of industry requiring structural adjustment so as to allow the full and effective participation of the developing countries in production and harmonize the interests of both groups of countries. This calls for the implementation of long-term industrial redeployment programmes and policies by the developed countries, including economic and other indicators, which avoid protecting inefficient industries and facilitate balanced world industrial redeployment;

(e) Vigorous steps should be taken to promote action to achieve the objectives proposed in the UNCTAD Integrated Programme for Commodities in such a way as to help to attain fair terms of trade with realistic, remunerative and equitable international prices, bearing in mind that certain commodities have their own forums for negotiation. To this end, it is necessary to ensure the availability of financial resources through the fulfilment in good faith of the principle of additionality of resources, in order to finance the measures needed to achieve stabilization; to restructure the international commodity markets through the common fund and the essential complementary machinery; to establish working product agreements; to promote a higher level of processing of commodities in the producing countries themselves, and to secure a larger share for the latter in the main aspects of the economy of these commodities, including their international distribution and transport;

(f) It is necessary to assign high priority to the fulfilment of the guidelines laid down in General Assembly resolution 33/193 in connexion with technology, to strengthen the developing countries' own capacity to adapt technology, and to establish conditions for the transfer of technology which are in keeping with the needs of their current stage of development;

(g) Compliance by the transnational enterprises with the guidelines defined at the fourth session of the Committee of High-Level Government Experts organized by ECLA as regards such enterprises is of the utmost importance for the Latin American countries;

(h) A fundamental reform of the international monetary system is urgently needed in order to promote world trade and development in an effective manner. To this end it is important to:

- (i) Secure a fairer and more symmetrical process of adjustment in the balances of payments of all the countries of the region by reducing the conditionality in the use of IMF resources, and promote and implement the decisions adopted in order to make Special Drawing Rights (SDRs) the main reserve asset in the international monetary system, with the aim of ensuring that world liquidity does not originate in the structural disequilibria or payments deficits of the reserve currency countries;
- (ii) At the next general review of quotas in IMF definitive arrangements should be made for the linking of the creation of SDRs and development financing in two ways: a larger allocation of SDRs, over and above the size of the quotas of the developing countries, and the channelling of the allocations corresponding to the developed countries to multilateral and regional financial institutions;
- (iii) IMF should step up its monitoring of the major reserve currencies, paying special attention to the circumstances of the developing countries, and the compensatory financing facility should be improved and expanded in order completely to check the decline in the purchasing power of exports of the developing countries;
- (iv) The flow of real resources to the developing countries should be promoted as an integral element of an effective system. In this context, there is an urgent need to establish a long-term financing facility to finance the purchase of capital goods by the developing countries, as well as the creation of a medium-term facility to provide support for externally induced balance-of-payments difficulties.

B. As regards economic, social and human development

Policies for promoting the development of the developing countries will be defined by those countries within the framework of their national development plans and priorities.

Economic development

(a) Development must be regarded as an integral process, characterized by the achievement of economic targets in terms of objectives of social change which ensure the full involvement of the entire population in the efforts and benefits of development. In this context, the countries of Latin America should, individually and free of external interference, strengthen their economic, cultural and social structures so as to achieve coherent development based on national self-determination. Governments should intensify activities aimed at achieving a genuine redistribution of income and high levels of employment in favour of the marginal groups, so as to increase their social well-being by improving the quality of life (health, nutrition, housing, social security) and social and economic status (mass participation, education and training);

(b) In the context of this integral process, it is necessary to promote changes in production and technology of such a nature as to ensure a process of

growing diversification and integration of the national economies and lay sounder bases for future development;

(c) The growth of agricultural production must be speeded up, taking special account of the need to increase the availability of food in order to correct as rapidly as possible the situation of poverty and indigence faced by great masses of the population of Latin America and cover export needs in order to contribute to the external purchasing power required to ensure supplies of essential products which must be imported;

(d) A vigorous impulse must be given to industrial development, using methods in keeping with the conditions existing in different countries and regional integration programmes, and the production of consumer goods, essential intermediate products and capital goods must be encouraged in order to ensure sustained economic growth and increase exports of manufactures within a new structure of international trade;

(e) The fundamental basis for this acceleration of economic development should lie in the domestic effort and the mobilization of the countries' own resources. The region has shown that it possesses this development potential, because of the natural and human resources it possesses and its capacity to give impetus to a dynamic process of investment and increase the economic efficiency of its production to levels which enable it to compete in the international market;

(f) There is an urgent need to promote institutional and structural reforms in the Latin American countries in order to realize this development potential, especially with a view to promoting the large-scale accumulation of capital, which can only be achieved by means of substantial changes in the functioning of the economies designed, among other objectives, to reduce the high levels of consumption concentrated in a small sector of the population.

Social and human development

(a) Economic growth is a necessary but not by itself a sufficient condition to ensure full social and human development. This requires the introduction of institutional reforms and appropriate policies within the framework of an integral and organic conception of the development process. The results of this economic growth must be more fairly distributed so that, in addition to ensuring the active participation of the different sectors of society, it will also be possible to create juster societies where human beings will find better possibilities for the fullest development of their potential;

(b) In this regard, the distribution of income and social consumption must be restructured, public spending rationalized and the trend of private and public investment changed so as to achieve the social objective of increasing the well-being of the entire population;

(c) It will also be necessary to introduce the reforms required to guarantee the access of the population to employment, education, health and other social, public and private services;

(d) Specific high-priority objectives must be established in order to deal with the situations of extreme poverty which exist in the region. The measures proposed should not consist merely of aid policies but should take the form of lasting

solutions in the context of an integral and organic conception of the proposed development strategy. It is therefore essential to envisage as a fundamental requirement the active participation of the population in the programmes designed to improve their quality of life.

C. As regards co-operation within the region and with other developing countries

(a) Regional co-operation should be considered as a basic instrument of Latin American development;

(b) Greater dynamism and flexibility must be imparted to the existing integration processes, and specific new forms of co-operation must be encouraged in the areas of industry, trade, agriculture, technology and financing. Efforts should be made to secure the convergence of these specific forms of co-operation with the integration processes so that they mutually strengthen one another:

(c) Economic and technical co-operation among the countries of Latin America and with those of other developing areas should be fostered, in accordance with the measures set out in the report of the Mexico City Conference on Economic Co-operation among Developing Countries 6/ and the Buenos Aires Plan of Action adopted at the United Nations Conference on Technical Co-operation among Developing Countries. 9/ This requires the full and unconditional support of the industrialized countries and of the United Nations system.

1. Requests the secretariat:

(a) To intensify its studies designed to provide support to Governments in the formulation of the basic development objectives of the Latin American countries for the next decade and the orientation of the strategies and policies which should be considered in order to achieve those objectives at the regional and international levels in the context of a new international economic order;

(b) To prepare a regional action programme for the implementation of the strategy for the third United Nations development decade to be adopted by the General Assembly, as regards the countries of Latin America;

(c) To maintain permanent contact with the Latin American Group and with representatives of other Governments in the Preparatory Committee for the New International Development Strategy in order to provide them with the technical information they request;

(d) To contribute and make available to the Preparatory Committee the information and basic studies which show the size and nature of the development problems confronting the region, especially as regards the restrictions and obstacles imposed by external conditions;

9/ Report of the United Nations Conference on Technical Co-operation among Developing Countries, Buenos Aires, 30 August-12 September 1978 (United Nations publication, Sales No. E.78.II.A.11 and Corrigendum), chap. I.

(e) To prepare a study on the different multilateral sources of financing for the production and exploitation of commodities in Latin America (World Bank, regional banks and UNDP) and their degree of utilization among the resources channelled to the region. The study should contain specific recommendations to improve the flow of resources to permit the optimal use and exploitation of those products, including horizontal diversification, without detriment to the other priority areas supported by those institutions;

(f) To convene CEGAN before the end of 1979 and during 1980 so that it may evaluate the progress made in the preparatory activities for the new strategy carried out by the Preparatory Committee, and also the work of the secretariat. At these meetings, CEGAN, if it deems it appropriate, will formulate recommendations with respect to the subjects of particular interest to Latin America which should be included in the new international development strategy;

2. Recommends that member Governments of the Commission:

(a) Participate actively in the Preparatory Committee so that the situations and problems of the countries of the region may be taken duly into account in the preparation of the new strategy;

(b) Collaborate with the secretariat in the provision of information and in the preparation of the research it requires to fulfil the mandates assigned to it;

3. Also recommends that member Governments of the developing countries of the region prepare plans or programmes which include the formulation of economic and social development objectives and goals for the next decade, together with their relevant strategies and policies, suitably linked with the instrumentation and implementation of the strategy as far as the Latin American countries are concerned:

4. Further recommends that at the nineteenth session of the Commission, which will be held early in 1981, a regional action programme for the instrumentality and implementation of the new international development strategy to be adopted by the General Assembly be considered, and the development decade for the countries of Latin America be proclaimed.