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Tenth Session  
Mar del Plata, Argentina, 6 to 18 May 1963

SUMMARY RECORD OF THE NINETIETH MEETING

Held at Mar del Plata, Argentina  
on Wednesday, 8 May 1963, at 9.50 a.m.

CONTENTS:

- The present status of the Latin American economy  
(continued)

PRESENT:

Chairman:

Members:

Mr. MENDEZ DELFINO	(Argentina)
Mr. PARELLADA	Argentina
Mr. GANDARILLAS	Bolivia
Mr. TAVORA DOS SANTOS	Brazil
Mr. SUMMERS	Canada
Mr. RIOSECO	Chile
Mr. NARVAEZ	Colombia
Mr. GARCIA VALLS	Cuba
Mr. CESTERO	Dominican Republic
Mr. PEÑA	El Salvador
Mr. LISETTE	France
Mr. PALACIOS	Guatemala
Mr. CALIX	Honduras
Mr. BROWN	Jamaica
Mr. ZUIVERLOON	Kingdom of the Netherlands
Mr. GARCIA REYNOSO	Mexico
Mr. GAITAN	Nicaragua
Mr. RODRIGUEZ	Panama
Mr. SANDOVAL	Paraguay
Mr. DEUSTUA	Peru
Mr. TAYLOR	United Kingdom of Great Britain and Northern Ireland
Mr. MARTIN	United States of America
Mr. MALDINI	Uruguay
Mr. PEREZ LA SALVIA	Venezuela

/ALSO PRESENT

ALSO PRESENT:

Mr. HANSEN

Chairman of the Preparatory Committee of the United Nations Conference on Trade and Development

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

Mr. DAN	Australia
Mr. HOFINGER	Austria
Mr. PRUES	Belgium
Mr. PIROCH	Czechoslovakia
Mr. KEPES	Hungary
Mr. TOPPANI	Italy
Mr. TANI	Japan
Mr. ONACIK	Poland
Mr. RUICA	Romania
Mr. ARROYO	Spain
Mr. MARTENSON	Sweden
Mr. ALEXEEV	Union of Soviet Socialist Republics
Mr. LATINOVIC	Yugoslavia

Observers from States not Members of the United Nations:

Mr. MEMES	Federal Republic of Germany
Mr. GRAF	Switzerland

Representatives of specialized agencies:

Mr. RUIZ MORENO	International Labour Organization
Mr. Hernán SANTA CRUZ	Food and Agriculture Organization of the United Nations
Mr. DE SILVA	United Nations Educational, Scientific and Cultural Organization

/Mr. BRAND

Mr. BRAND	International Monetary Fund
Dr. BUDNIK	World Health Organization

Representatives of inter-governmental organizations:

Miss DELHAYE	European Economic Community
Mr. ETIENNE	General Agreement on Tariffs and Trade
Mr. LAGO	Inter-Governmental Committee for European Migration
Mr. CARDENAS	Inter-American Development Bank
Mr. MAGAÑA	Organization of American States
Mr. BENNATON	Permanent Secretariat of the General Treaty on Central American Economic Integration

Representatives of non-governmental organizations:

Category B:

Mr. WIONCZEK	Centre for Latin American Monetary Studies
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Secretariat:

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

THE PRESENT STATUS OF THE LATIN AMERICAN ECONOMY (continued)

Mr. LISETTE (France) thanked the Government of Argentina for its hospitality and stated that his Government took a sympathetic interest in the increasing efforts being made by the Latin American Governments and agencies to prevent Latin America from lagging too far behind the more advanced countries. The Government of France was confident that Latin American regional integration would shortly be attained and that a unity of thought, method and action would prevail that would facilitate economic and trade relations between the common market countries and Latin America, since regionalism constituted one step towards solutions of a universal nature. His Government would therefore willingly contribute its experience in tax reform, agrarian legislation, community development and, more particularly, planning in order to make the Charter of Punta del Este an effective instrument.

The Government of France was aware of the grave situation of the primary-producing countries, since it was apparent from day to day that an increase in the volume of exports did not necessarily mean more export income and that efforts to stabilize the latter should be extended to price levels as well. Accordingly, international primary commodity agreements, in which both producer and consumer countries took part, were essential if export earnings were to be increased.

As resources had proved insufficient in the past to carry out the development plans advocated by ECLA and supported by the Alliance for Progress, foreign capital was needed as well. France had at all times encouraged the activities of the International Bank and of the International Monetary Fund in that respect, and was gratified that Europe was to be represented in the Inter-American Development Bank. At the bilateral level, French investors had always been interested in Latin America. The French Government had adopted new procedures for financing exports, particularly of capital goods, which would benefit the Latin American countries. It was also making every effort to help in the training of specialists in view of the lack of technical experts in Latin America.

Mr. MARTIN (United States of America) paid a tribute to Mr. Prebisch as head of the ECLA secretariat; it was fortunate that he would continue to be available as Director of the Latin American Institute for Economic and

Social Planning, and had agreed to serve as Secretary-General of the United Nations Conference on Trade and Development. He would undoubtedly bring the same vitality to those tasks that he had given in such generous measure to ECLA. It was welcome news that Mr. Mayobre was to succeed as head of the ECLA secretariat.

He considered that ECLA was in a particularly good position to identify and analyse the region's population problems and to provide demographic advisory services to member Governments in the context of the particular economic, social and cultural characteristics of Latin America.

He suggested certain basic research that the ECLA secretariat might undertake, such as investigating the means by which constructive, forward-looking private enterprise could contribute more actively to the development of Latin America, studying ways and means of advancing the region's economic integration, and considering basic improvements in the implementation of tax programmes and fiscal policies.

In 1962 total export earnings were 6 per cent above those for 1961, and although the average increase in the gross national product for the regions was not particularly gratifying, in Colombia, Panama and Peru it was above the target adopted in the Charter of Punta del Este, so that there were grounds for hope that in 1963 there would be further improvements. In the calendar year 1962 United States public assistance to Latin American countries, in terms of new obligations and loan authorizations, had exceeded 1,000 million dollars. The latest figures for 1962 also showed that United States private companies continued a very active programme of investments in Latin America. If Venezuela was excluded, there had been an over-all net flow to the other Latin American countries of about 160 million dollars. That figure did not fully reflect the amount invested since it did not include investments by the firms concerned out of earnings and other resources. In 1962 those firms had reported expenditure programmes totalling some 750 million dollars to expand or modernize their productive facilities in Latin America.

He stressed two features in the trends of Latin America's economic development over the past decade: firstly, the failure to diversify production for export, and secondly, the failure to expand production and productivity in agriculture at a more rapid pace. To achieve a more

/dynamic growth

dynamic growth in the export and agriculture sectors was essential, and was feasible, but how it was to be done was for individual countries to decide.

In order to reduce the heavy reliance on primary products for export trade, advantage should be taken of the forthcoming series of tariff negotiations among the members of GATT. But the opening up of new potential markets alone was not enough. The industries of Latin America must be progressive and efficient. Through the tariff negotiations referred to, the potential external markets for manufactured products could be multiplied.

In 1962, for the first time in the history of United States trade legislation, the principle had been established, under the Trade Expansion Act, that a portion of United States tariff-reducing authority should be used, not to open up new markets for United States goods, but to expand markets for certain tropical products of the developing nations. Perhaps the most important measures the Latin American countries could take to expand their trade, both export and import, were those designed to promote economic growth on an efficient low-cost basis.

He associated himself with the objectives of Mr. Prebisch's proposal to speed the development of a Latin American common market, and believed that the establishment of mandatory provisions for periodic tariff reductions would convince investors that a common market would be achieved. Once they were so convinced, their entry into the competitive area would be hastened, and the pace of development would thus be increased.

Taking into account the large numbers of people involved and their relatively low income, combined with their great potential for expanded output, it must be concluded that the agricultural sector merited top priority in development planning and in providing incentives for private initiative. A more rapid and diversified growth in agricultural output would almost certainly follow new or expanded programmes of supervised credit, training, improved management, community development, extension, improved marketing facilities, etc. But for a comprehensive programme in agriculture, skilled manpower in fairly large numbers would be needed

/The trends

The trends in economic growth over the past decade might be described, in other words, as the inability to expand markets, both internal and external, with sufficient rapidity. Hence the advisability of undertaking a series of efforts and policies designed to expand and seize market opportunities both for exports and for domestic sales. The success of joint efforts to do so was fundamental to the achievement of sustained economic growth.

Mr. TAVORA DOS SANTOS (Brazil) expressed hearty agreement with previous speakers in the general debate as to the importance of the work done by the Commission in its fifteen years of existence under the leadership of its Executive Secretary, who had been responsible for the dissemination of economic ideas now accepted in Latin America. He went on to refer to the Three-Year Plan for Economic and Social Development for 1963-65, which was being put into effect in his country. Its principal objectives were: to ensure that the annual rate of growth of the gross product recorded in 1957-61, namely 7 per cent, or approximately 3.9 per cent per capita, was maintained; progressively to reduce inflationary pressure so that the economy could recover proper price stability; to establish conditions under which the fruits of development could be more widely distributed among the population; to refinance the external debt and so reduce its effects upon the balance of payments; to reduce regional inequalities in income levels, which were due both to a diversity of natural resources and to a series of historical causes.

Under that Plan, Brazil's anti-inflation policy took second place to economic and social development. In order to increase the country's capacity to import, exports would be encouraged in an effort to broaden the traditional flow of trade with the United States - the principal market for Brazilian exports -, with Western Europe, and with certain Latin American countries, and to break into new markets in Latin America, particularly within the Latin American Free-Trade Association, in Africa, and in the socialist countries, which constituted a market with great potentialities for the Brazilian economy. Although it was necessary to re-cast the Alliance for Progress so as to make it an instrument of co-operation which could contribute to the achievement of Latin American economic and social development, the Brazilian Government was trying to give thorough training to the competent administrative departments

with a view to linking the Alliance with the Three-Year Plan. Nevertheless, despite the effort already made at the domestic level, the economic and social rehabilitation of the Latin American countries would depend fundamentally on co-operation among them.

Referring to the need to make the Latin American Free-Trade Association more dynamic, he recalled the recent joint statement of the Presidents of Brazil and Chile recommending that permanent machinery for consultation between Ministers for Foreign Affairs of the member countries of the Association should be set up in order to hasten the effective establishment of the common market. At all events, Latin American economic integration should be hastened, following the example set by the Central American countries. But even admitting that the integration of Latin America would constitute an extremely important step towards the economic development of the countries of the region, that alone would not provide the answer to all the problems arising from the trade relations between countries in the process of development. Hence the great importance of the proposed United Nations Conference on Trade and Development, which provided an excellent opportunity to review the bases of international trade.

Mr. PALACIOS (Guatemala), referring to the progress of the work carried out by the Economic Commission for Latin America since its establishment, drew attention to two milestones: the Act of Bogota which had given rise to the Inter-American Development Bank as the indirect outcome of the Commission's untiring efforts, and Central American economic integration which was a model which could serve as an example for the whole of Latin America. The two events constituted the best pattern to follow in the succeeding stages of Latin America's economic development, up to the point where the regional common market became a form of economic integration.

He likewise stressed the significance of certain points raised by Mr. Mayobre, United Nations Commissioner for Industrial Development, at a previous meeting, namely, the establishment of priorities as regards the action it was proposed to adopt and co-ordination of institutions within each country and between the various countries. In both cases, the structural reforms now being advocated were indispensable, as also was

/the introduction

the introduction of general administrative order, especially so far as the financial machinery was concerned.

In order to ensure orderly industrial integration, attention should be concentrated on proper arrangement of internal financial machinery so as to enable it to participate actively in the integration of capital. Such action would give real content and impulse to the economic integration process. That was why its study should receive priority from the sponsors of Central American economic integration.

Mr. BROWN (Jamaica) said that the current session was the first at which Jamaica was represented and read out a message of greeting from the Prime Minister, Sir Alexander Bustamante, to all the participating delegations. Jamaica had problems similar to those confronting its neighbours in the hemisphere, which ECLA had done so much to clarify. Hence Jamaica was exceedingly interested in participating in the discussions. He gave a brief account of Jamaica's basic characteristics. Since the orthodox approaches had not helped his country to resolve its social and economic problems, it called upon ECLA to co-operate in studying them. Jamaica was full of admiration for the work accomplished by Mr. Prebisch, which had been extolled by previous speakers. He wished Mr. Mayobre, who was Mr. Prebisch's successor, every success, and said that he was resolutely determined to be an active member of the Commission and to make full use of its experience.

Mr. LATINOVIC (Yugoslavia) emphasized that the world's economic development in the post-war period had involved a wide range of problems which called for urgent solution in the interests of balanced development. Although the United Nations was the best forum for elucidating such problems and the Economic Commission for Latin America had done highly important work with a view to approaching such questions as industrialization, the diversification of production, the Latin American common market, long-range programming, development financing, mutual economic co-operation, the development of agricultural production, population growth, etc., in the light of contemporary views on development, there was a difference between those new professed and accepted ideas and practical action, especially as regards international trade, where obsolete principles were still applied

/and discriminatory

and discriminatory measures continued to be enforced. The effect of such measures was felt particularly by the developing countries and also had a negative impact on world economic development and balanced economic co-operation. Hence the United Nations Conference on Trade and Development, scheduled for 1964, was highly important. With a view to ensuring the success of the Conference, it was important that the developing countries should continue to consult each other on the topics to be discussed on that occasion. Such consultations would make it possible to reach conclusions of common interest which could be presented to the Conference on behalf of all those countries and which the Conference would be bound to accept.

Yugoslavia had increased its trade with Latin America from 28 million dollars in 1950 to 60 million in 1962. While those figures were not very high in absolute terms, they nevertheless represented a significant increment which must be attributed to the fact that his country's planned development had come to supplement that of the Latin American countries, by enabling it to sell them boats, rails, tractors, power-generating units, machine-tools, etc. The development of co-operation and the exchange of technical experience would further help to faster mutual friendly relations between the various countries. To sum up, international economic co-operation, conceived on equitable bases, would facilitate better mutual understanding between countries and, as a consequence, world peace. Such was the view held in his country.

Mr. ALEXEEV (Union of Soviet Socialist Republics) said that ECLA was faced with important problems in respect of assistance in the economic and social development of the Latin American countries with a view to improving the level of living of their populations. The solution of the problems in question called for the elimination of the economy's unilateral structure, the establishment of domestic industry, the radical reform of the agricultural sector, the training of national specialists, the creation and development of the public sector, the organization of agricultural co-operatives, the eradication of illiteracy and the development of the economy on the basis of planning.

As export earnings made a decisive contribution to the economic development of the Latin American countries, they and ECLA should actively participate in the Conference on Trade and Development proposed by the

/USSR. He

USSR. He suggested that an international trade organization should be established as one means of safeguarding the trade interests of the less developed countries.

The boom in the economy of the Soviet Union was helping to promote the expansion of its trade relations, on the basis of the principle of reciprocal benefits, which meant that all countries could co-operate, whatever their economic and social systems. The policy of peaceful co-existence meant precisely that. When the practical aspects of economic development were under discussion, the urgent need to consolidate and strengthen world peace should not be forgotten.

Mr. MAGAÑA (Organization of American States) referred to the activities of OAS, under the Alliance for Progress, in co-operation with other international bodies (mainly IDB and ECLA). As regards programming, the three bodies had collaborated with the Governments of Colombia, the Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Panama, Paraguay and Uruguay; in addition an Advisory Group was assisting the Central American countries in the preparation of their development plans. With respect to fiscal matters, the Tripartite Committee (OAS/ECLA/IDB) had organized a conference on tax administration at Buenos Aires in 1961, and another on fiscal policy at Santiago, Chile, in 1962. The studies relating to the tax systems of Ecuador and Panama had been completed, and those on Argentina, Colombia, Uruguay and the Central American countries were under way. In the matter of agronomics and land reform, the Inter-American Committee for Agricultural Development, in conjunction with FAO and the Inter-American Institute of Agricultural Sciences, had studied land tenure problems, made an inventory of natural resources and organized various technical assistance missions.

The primary commodities problem and the formulation of joint policies in respect of international trade also called for the co-ordination of all efforts to find satisfactory solutions which would guarantee the stability of the income of the Latin American countries and would thus facilitate their development process. OAS, in conformity with title IV of the Charter of Punta del Este, had developed activities designed to reconcile and promote the interests of the signatory countries with respect to exports of primary commodities. He noted with satisfaction that the

International Coffee Agreement, signed in 1962, incorporated almost all the principles recommended at Punta del Este to the Coffee Study Group.

The group of experts, convened by the Secretary General of OAS in compliance with the Charter of Punta del Este, had prepared a report as background material for the establishment of an international export income stabilization fund. ECOSOC, at its previous session, held at Mexico City, had requested the Secretary General of OAS to convene a meeting of government experts to discuss the various proposals put forward, so that the member countries could present a united front at the forthcoming session of the United Nations Commission on International Commodity Trade. Far-reaching collective action had been started to safeguard Latin America's interests in the European Economic Community market and had culminated in the establishment of machinery for the exchange of information and for consultation between the Community and the OAS Secretariat.

In conclusion, he paid a tribute to Mr. Prebisch and expressed gratification at the appointment of his successor, Mr. Mayobre, whose outstanding qualifications augured well for his leadership of ECLA.

Mr. RUIICA (Romania) said that economic and social disparities should not constitute an impediment to the satisfactory development of international relations, provided always that the latter were based on the principles of peaceful co-existence, equality of rights and reciprocal benefits and respect for national independence and sovereignty. The feasibility of putting those principles into practice was confirmed by the relations and agreements between his country and some of the Latin American republics.

After pointing out that the development of the Romanian economy and the raising of the technical level of all branches of production opened up vast prospects for the expansion of trade relations with the Latin American countries, he referred to what had been achieved in Romania in the various sectors and branches of the economy. In addition to direct bilateral collaboration between countries, it would be of interest to promote closer co-operation among the regional economic commissions of the United Nations, especially those for Latin America and Europe, in respect of such matters as development planning, the regulation of international trade, and

/technical assistance.

technical assistance. The regional economic commissions could and should make a direct contribution to the effective implementation of important decisions adopted by the United Nations General Assembly at its most recent session, including resolutions 1785 (XVII), 1803 (XVII), 1837 (XVII) and 1842 (XVII), relating respectively to the forthcoming Conference on Trade and Development, permanent sovereignty over natural resources, the conversion to peaceful ends of the resources released by disarmament, and the incultation in young people of the ideals of peace, mutual respect and international understanding.

Mr. BENNATON (Permanent Secretariat of the General Treaty on Central American Integration) called attention to the special significance of his participation in the discussion, since he was speaking not only on behalf of the institution he represented but also for the delegations of the five Central American countries. That was a sign that the Central American republics were advancing towards integration and were ceasing to act at the strictly national level.

The economic and social problems of Central America were similar to those existing in the rest of Latin America, and included a persistent weakening of the external sector (which played a decisive part in the formation of the national product), under diversification of production, and an alarming population explosion. That similarity might make it worth while to give a brief account of the measures which the Central American countries were adopting to solve the problems in question through their Economic Integration Programme. The most significant of those measures was the establishment of the common market as a first step towards a customs union and full economic integration. That policy had been reaffirmed by the five Central American Presidents at the conference they had recently held with the President of the United States at San Jose, Costa Rica. On the same occasion, the President of Panama had decided that his country would join the Central American common market, which was a highly important development. Since trade in all but a few of the products of Central America had been liberalized, and the customs tariff applicable to imports from third countries had been standardized at 95 per cent, the common market was almost in full working order.

/The objectives

The objectives of Central American integration, far from being confined to the mere expansion of national markets, also included the adoption of uniform criteria in respect of industrialization policy. That was a prerequisite for the more efficient utilization of available resources and the creation of new employment opportunities, all of which would expedite the balanced economic development of the countries concerned. Similarly, the Central American Bank for Economic Integration had been established, and a move was being made towards the co-ordination of agricultural development policy, which was indispensable in view of the pre-eminently agrarian structure of the Central American countries. One of the programmes that was being promoted on regional bases under that policy was designed to stabilize the prices of grains - which were staple foodstuffs - in such a way as to ensure that they would be remunerative for the producer and stable for the low-income consumer.

It still remained, however, to expedite the development of a regional transport system, expand electricity production and link up certain power supply systems. In order that Government action might be planned on regional bases, a joint planning mission had been set up, in which the Economic Commission for Latin America, the Inter-American Development Bank, the Organization of American States, the Permanent Secretariat on whose behalf he was speaking and the Central American Bank for Economic Integration were all co-operating. The experience thus acquired might well be of use to the countries members of the Latin American Free-Trade Association or to other groups which were developing or intending to develop economic integration programmes.

It would also be desirable, in his view, to embark upon land reform at the regional level. Bold as such a suggestion might appear for the moment, it would gain ground as economic integration progressed and public opinion gradually became accustomed to the idea that all economic problems should be solved not in the light of national criteria but in the best interests of the region as a whole.

Mr. WIONCZEK (Latin American Centre for Monetary Studies) thought that the Montevideo Treaty and the General Treaty on Central American Economic Integration were not and should not be simply multilateral trade

/instruments, because

instruments, because the magnitude of Latin America's problems made it a matter of urgency both to implement those Treaties and to back them with effective policies in other fields, such as that of monetary and financial coordination and co-operation. The experience of the Latin American countries showed the need for rational utilization of available factors of production in an environment of financial and monetary stability, because inflationary pressures, whatever their origin, caused even further distortion of productive structures and had disastrous social repercussions.

The existence of a common market would render even more urgent the need for a sound monetary policy suited to development requirements, although there seemed to be practically no hope that the process of development, including that of financial structures, would at every stage repeat the experience of other regions.

Progress would of necessity be slow, especially because Latin America, owing to the dramatic circumstances in which it found itself, had been compelled to leap forward to a much more complicated stage, that of regional economic co-operation, before each individual country's economic policy had been formulated. While economic co-operation was not easy with economic and financial structures already firmly established, it was very much more complicated and difficult for groups of countries at widely varying levels of development and unaccustomed to co-operate, as was the case with Latin America. It was therefore of the utmost urgency to inculcate in Latin American public opinion the idea that financial co-operation and monetary coordination would in the future have to play a very important part in a sustained series of efforts to coordinate national economic policies within the general framework of regional integration.

The meeting rose at 1:05 p.m.