

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



PROVISIONAL

E/CN.12/AC.53/SR.2
10 May 1963

ENGLISH
ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA

Tenth Session

Mar del Plata, Argentina, 6 to 18 May 1963

COMMITTEE ON ECONOMIC AND SOCIAL DEVELOPMENT

PROVISIONAL SUMMARY RECORD OF THE SECOND MEETING

Held at Mar del Plata, Argentina,
on Thursday, 10 May 1963, at 4.5 p.m.

CONTENTS:

Economic and social development of Latin America (cont.)
Progress of planning in Latin America (cont.)
Economic problems of agriculture (in co-operation with
FAO) (cont.)

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.

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Mr. BELLOC	Brazil
Mr. ROY	Canada
Mr. FUENZALIDA	Chile
Mr. SAMPER	Colombia
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Mr. SEKRANO	Cuba
Mr. LOOR	Ecuador
Mr. TRECA	France
Mr. CORLETO	Honduras
Mr. GARCIA REYNOSO	Mexico
Mr. GONZALEZ OVIEDO	Paraguay
Mr. BAILETTI)	Peru
Mr. VALDIVIA)	
Mr. BRAHIM	Kingdom of the Netherlands
Mr. TAYLOR	United Kingdom of Great Britain and Northern Ireland
Mr. BINGHAM	United States of America
Mr. BUCHELI)	Uruguay
Mr. TRAIBEL)	
Mr. LEDESMA	Venezuela

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Mr. GORGASSIDZE	Union of Soviet Socialist Republics

/ Representatives of



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Representatives of
specialized agencies

Mr. RUIZ MORENO	International Labour Organization
Mr. CHONCHOL	Food and Agriculture Organization
Mr. DE SILVA	United Nations Educa- tional, Scientific and Cultural Orga- nization
Mr. VARGAS	World Health Orga- nization

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tions:

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Mr. REY	Inter-American Deve- lopment Bank
Mr. LAGO	Inter-Governmental Committee for European Migration

Representatives of non-
governmental organi-
zations:

<u>Category A:</u>	Mr. RIOS	World Federation of Trade Unions
<u>Category B:</u>	Mr. WIONCZEK	Latin American Centre for Monetary Studies
	Mr. DAVIDOVICH	World Jewish Congress
<u>Secretariat:</u>	Mr. BALBOA	Secretary of the Committee (economic questions)
	Mr. BERTHOUD	Secretary of the Committee (social questions)

/ECONOMIC AND

ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA (continued)

PROGRESS AND PROBLEMS OF PLANNING IN LATIN AMERICA (continued)

ECONOMIC PROBLEMS OF AGRICULTURE (IN CO-OPERATION WITH FAO)
(continued)

Mr. BERTHOUD (Secretary of the Committee) explained that the documentation dealing with social matters represented the first-fruit of the secretariat's efforts in a new and almost unexplored field, which had a special character of its own. The documents in question, which bore on the subject of overall development, were of a twofold nature, dealing with both problems and programming. The paper entitled "El desarrollo social de América Latina en la postguerra" (E/CN.12/660), together with the study on the economic development of Latin America in the post-war period (E/CN.12/659) and "Agriculture in Latin America: problems and prospects" (E/CN.12/686) presented three approaches to the basic aspects of Latin America's development since the Second World War. The analysis took urban development in Latin America as its starting-point, and went on to consider in succession the rural situation, the situation in urban areas, the problem of the new urban population groups in relation to their two major categories (middle and lower income brackets), and the ideological tendencies implicit in the frustrated aspirations of the population of Latin America during the past few decades.

The study entitled "Economic development in Latin America. Sociological considerations" (E/CN.12/646), by Mr. José Medina Echavarría, constituted a sequel to the conference on social aspects of economic development, held at Mexico City in 1960 and organized by ECLA, UNESCO and the United Nations.

/"Social trends

"Social trends and programmes in Latin America" (E/CN.12/645) was the relevant chapter in the report on the world social situation, and described the essential features of social policy in Latin America during recent times.

Documents E/CN.12/642 and Adds. 1 to 4 were the outcome of a preliminary study of the characteristics of the industrial entrepreneur in Latin America, which represented a specific contribution to an understanding of the real situation which was essential for the rational regulation of the development process.

The studies appearing under the titles "Geographic distribution of the population of Latin America and regional development priorities" (E/CN.12/643) and "Urbanization in Latin America. Results of a field survey of living conditions in an urban sector" (E/CN.12/662/Rev.1) were more directly related to the practical conduct of the economic and social development process.

To elucidate the problems of integrated development, or, in other words, of simultaneous economic and social development, it was necessary to locate the obstacles, the areas where forces hindering or promoting the attainment of development targets were to be found. In that connexion, it would be useful to assemble the experience acquired and the motives of concern existing in the various countries in order to establish an order of priority for the research programme.

Mr. BAILETH (Peru) said that planning was a method of government whose achievements derived from economic and social

/policy decisions

policy decisions which, if they were to be efficacious under a democratic planning system, called for full knowledge, on the part of political leaders, of the recommendations of the planning bodies. Furthermore, the participation of entrepreneurial, trade-union and educational leaders in the formulation of the plan was a means of ensuring the implementation of the programmes concerned, since the advantages of free enterprise were combined and reconciled with social welfare objectives.

The Peruvian planning system had the following characteristics: (1) it recognized the need for planning at the national, regional and local levels; (2) it endeavoured to ensure the joint and integrated participation of the public and private sectors in the work of analysis and planning; (3) permanent agencies for analysis and planning existed at various levels, under an adequately decentralized administrative system; (4) administrative responsibilities were assigned and assumed at all levels, a procedure which guaranteed that statistical data were collected, information was exchanged and the analytical and planning activities compatible with the level concerned were carried out, and (5) technical criteria had been established to guide the planning agencies in the fixing of targets, the formulation of plans and the evaluation of results.

In conclusion, the structure of the Peruvian system enabled the maximum benefit to be derived from the direct participation of the public and private sectors in the planning process, and made it possible to the effective implementation of a decentralization policy designed to promote rapid but smoothly co-ordinated national development.

/Mr. CORLETO.

Mr. CORLETO (Honduras) outlined the main features of his country's economy and a two-year public investment plan for 1963-64, mentioning the various measures of monetary policy, industrial development and Central American economic integration provided for under the two-year plan, as well as programmes for reforming the public administration and the tax and agrarian systems.

He summarized the difficulties which Honduras had experienced and still had to cope with in the planning and preparation of development plans: Firstly, an efficient planning system was lacking, as well as qualified technical staff, since planning was a very new field; Secondly, statistical information was meagre and the sources were not very reliable; and it was difficult to adapt traditional statistical services to the new planning requirements; Thirdly, the senior political and ministerial authorities were unfamiliar with the rudiments of planning and its objectives; Fourthly, the technical assistance provided by the bodies which existed for the purpose was irregular and in many cases deficient. Technicians were sent to do work which was not in their field, or they were sent for very short periods. He was pointing that out so that the technical assistance bodies could take appropriate action to put matters right.

Mr. BINGHAM (United States of America) said that his country, mindful of the importance to development of increasing exports and of the prices of products in the total value exported, associated itself with the search for measures designed to increase Latin America's exports, either through international commodity agreements or by promoting the diversification of exports.

/He was

He was not fully convinced of the usefulness of the historical analysis of export and import price fluctuations, because the conclusions depended on the period taken as a basis for comparison with the present situation. He believed it would be more worthwhile to take a forward look and join in the efforts to formulate ways and means of intensifying the development of Latin America and of increasing export earnings. In that connexion he emphasized the need to diversify exports, by speeding up industrialization based on efficient production.

He stressed the efforts for improvement made by some Latin American countries, including Bolivia, El Salvador, Panama, Paraguay and Venezuela which should serve as an encouragement to the rest.

Referring to the huge housing shortage resulting from the trend towards urbanization in Latin America, which could not be solved by external financing, he pointed out that the Social Progress Trust Fund administered by the Inter-American Development Bank intended to promote the marshalling of local resources on an increasing scale through programmes designed to encourage private enterprise in house building. The establishment of a dynamic and growing house-building industry would benefit not only low and medium-income families, but would give the economic structure of the entire region a new and vigorous look.

Mr. SERRANO (Cuba), referring to the document entitled "Towards a Dynamic Development Policy for Latin America" (E/CN.12/680), already commented on in plenary, was of the opinion that owing to its importance it ought to be carefully analysed by the Committee

/or by

or by an ad hoc working group. His delegation agreed with the views expressed in the document to the effect that it was desirable to restrict the consumption of the high-income sectors in order to promote savings at their expense which could ultimately be converted into capital goods. It must be recognized, however, that while it was necessary to import capital goods not yet produced in the Latin American countries, it was impossible to pay for them in cash in view of the shortage of foreign exchange. It would therefore be necessary to obtain credit from the more developed countries in order to finance such imports. It should be noted, moreover, that precisely those countries were benefiting from the low cost of labour and the drop in the prices of raw materials which were the less developed countries' principal source of export income.

Existing systems of land tenure also represented an obstacle to Latin America's development, to the extent that land reform had become an urgent need. It should be carried out on a large scale and in such a way that the value of the land was not paid to its former owners over a short period of time nor at market prices. Otherwise there would be no resources left for the technical implementation of the reform.

With respect to the theory maintained by another delegation that the trends shown by the terms of trade would not appear so unfavourable if the first quarter of the century were to be taken as the base period, he called attention to the fact that an economist of such high standing as Ellsworth had recently demonstrated, adducing plenty of reasons, why such base periods in the distant past should not be used for the purpose.

/Mr. BRAHIM

Mr. BRAHIM (Kingdom of the Netherlands) outlined the economic situation prevailing in Surinam and the satisfactory results of the ten-year plan launched in that non-self-governing territory in 1954. In that connexion, he gave a detailed explanation of the structure of the plan and the simple administrative machinery for its implementation. The Planning Board of Surinam had only a director, a deputy director and a small group of advisers, and was linked to the ministries with which it co-operated directly. Besides the economy of the system in question, it had the added advantage of contributing to the efficient training of administrative personnel, which thereby gradually identified itself with the objectives pursued by planning.

Mr. BUCHELI (Uruguay) described the planning situation in his country and referred to the historical trends which could be observed since 1930 in the development of such vitally important economic indicators as consumption, product and income. Notwithstanding the inflationary pressure which had also made itself felt in Uruguay, those trends had been led to a satisfactory rate of growth. Uruguay's planning machinery had been in operation since 1961, organized at three levels: over-all, sectoral and by units. Thanks to the planning by units it was possible to rely on the assent and active co-operation of the different social groups (entrepreneurs, trade unions, and public bodies), as was necessary for the effective implementation of the ten-year plan.

Following a detailed description of the criteria which would be taken into account both in drawing up specific two-year projects and four-year programmes which would comprise the

/ten-year

ten-year plan, and in obtaining the resources for financing them, he stressed the fact that the development of national plans in isolation might tend to make them less flexible. To avoid that, it would be advisable for the Economic Commission for Latin America to endeavour to co-ordinate the objectives and targets of such plans by convening special conferences or consultative meetings in which the Government concerned would participate.

Mr. RIOS (World Federation of Trade Unions) thought that the economic, political and social stagnation of Latin America was the reason for the backwardness and the poverty so prevalent in the region, with its well-known consequences. In order to increase external means of payment, it would be desirable to reduce the superfluous consumption of the high-income groups, consolidate the external debt and seek new sources of financing.

With reference to the stabilization programmes of the International Monetary Fund, he pointed out that their failure had slowed down economic growth and brought about a regressive redistribution of the national product. The main purpose of Latin American **economic integration** should be to raise the level of living of the population. Planning should become standard practice and ensure that, as national income grew, the level of living of the masses improved. That implied the continuous, active and conscious participation of the workers in the execution and supervision of those plans.

International co-operation should only be supplementary to internal financing and no political strings should be attached to it. It could take the form of long-term credits,

/repayable in

repayable in domestic products, which should be used to develop basic industrial projects and to provide the technical assistance which they involved.

Mr. GARCIA REYNOSO (Mexico) drew attention to the need to give extensive publicity to the work being done by the Economic Commission for Latin America with regard to economic and social development, so that the public at large became acquainted with them. For that purpose, and on the basis of ECLA resolutions 191 (IX), 192 (IX) and 198 (IX) and Economic and Social Council resolution 819 A (XXXI), he announced his intention of submitting to the Committee a draft resolution, the text of which he read out.^{1/}

Mr. VALDIVIA (Peru) and Mr. TRAIBEL (Uruguay) supported the draft resolution.

The CHAIRMAN, after consulting various delegations, suggested that a working group on planning should be set up, consisting of all representatives who wanted to join it, to discuss the practical, technical and coordination aspects of the matter to study the documentation submitted by the secretariat and to formulate appropriate proposals.

Mr. SAN MIGUEL (Argentina), Mr. GANDARILLAS (Bolivia) and Mr. FUENZALIDA (Chile) supported the suggestion.

It was decided to set up a working group composed of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, France, Mexico, Netherlands, Peru, the United Kingdom, the United States, Uruguay and Venezuela.

The meeting rose at 6.55 p.m.

^{1/} The text of this draft resolution was subsequently circulated as Conference Room Paper No. 11.