

CEPAL

Review

Executive Secretary of ECLAC
Gert Rosenthal

Deputy Executive Secretary
Carlos Massad

Director of the Review
Aníbal Pinto

Technical Secretary
Eugenio Lahera



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possibilities for both integration and co-operation at the regional level, and we must make every effort to take advantage of these.

The difficulties through which Latin America and the Caribbean are passing make it difficult to advance towards our great goals. Even against the background of its recent political and economic crisis, however, Latin America has achieved some useful results which could serve as a guide in our common quest.

In this respect, we are completely in agreement with ECLAC's view that integration should provide net benefits for all those participating in it, be reflected in the national political projects, and win the support of the various strata of the population.

A first aspect in which we have made some progress is that of achieving greater political homogeneity. Past experience of integration processes shows that they are more feasible when the participating countries not only share similar problems and geographical locations but also have common values and political objectives. Latin America's advance towards democracy at both the national and regional levels is the underlying foundation that makes possible the political co-operation and the dialogue which are essential for integration.

Secondly, I believe we are moving forward arduously but steadily towards the achievement of greater compatibility between our economic policies. If the nations desiring greater integration do not have proper control over their macroeconomic variables, if the conditions in which they carry on their domestic production are too disparate, and if there are still artificial

barriers between them which hinder trade and the free circulation of goods and services, then all the talk about integration will be mere empty rhetoric.

The adjustment effort in which our countries are engaged, each according to its own needs, represents the first step towards a situation where the economies are capable of being integrated at the regional level.

Thirdly, what has happened in the last few decades has served to give Latin Americans a greater sense of realism. The co-operation and increasing integration of our economies can only be based on real expectations of mutual benefits for all the participants. If the businessmen, transport firms, workers, exporters and bankers of our countries do not see clear benefits for themselves in integration, then integration will not take place, no matter what fine speeches politicians and intellectuals make on the subject. If it is to win support, co-operation must bring concrete results quickly, even though they may be only modest.

Our role, then, is not to design great plans for complementation but to use all our imagination to break down barriers, do away with red tape, and expand markets to the regional level. This will be possible in so far as we stabilize our economies at the domestic level, but it is not necessary to wait until then in order to set out on the road towards integration.

Only if we do these things will we be in a position to close the gap that separates our continent from the industrialized world and advance towards the twenty-first century in democracy.

Ernesto Zedillo Ponce de León
Minister of Planning and the Budget of Mexico

The mexican road to change

On behalf of the Government of Mexico, I should like to express to the Venezuelan Government our heartfelt appreciation for its having offered this beautiful city, founded by Diego de Lozada, as the venue for the twenty-

third session of the Economic Commission for Latin America and the Caribbean.

Caracas epitomizes much of our common history: its foundation as a colony furthered the mingling of races and cultures of which we Latin

Americans are now so proud, while its location near the Atlantic coast recalls the gateway through which our Hispanic culture entered and points to the potential for the integration of the continental mainland with the Caribbean and the opportunities that the oceans hold out for us.

The ground of Caracas is permeated with the uniting force of Simón Bolívar, while the urban landscape of this capital city still reflects many of our virtues as Americans and quite a few of our long-standing problems. Some feature of every one of us is present in this magnificent city which is at once of the Caribbean and of the inland plains; a neighbour of both the Andes and the Orinoco; modern and yet colonial; a university town yet also a mighty industrial city; cosmopolitan yet tranquil; up to the minute, yet proudly conscious of its great traditions: in a word, a city which is a worthy reflection of Bolívar himself. It is with the deepest satisfaction that the Mexican delegation is participating in this meeting here in Caracas, at which the long-standing fraternal bonds between the countries of Latin America and the Caribbean will be further strengthened.

There is something both generous and miserly in the shared history of Latin America. Nature was bountiful indeed as regards the size of our continent and the richness and variety of its resources, and in the nineteenth century our just ambition to be independent came to a head, albeit in conditions which placed us at a disadvantage compared with those countries which had industrialized more rapidly. Thus, the process of building our Nation-States has had to face internal divisions and threats from outside the region.

The fate which the twentieth century reserved for us has been contradictory: while other continents had to settle their regional conflicts or clear up the dilemmas of their own development, here in Latin America we enjoyed decades of relative peace in which we applied models that seemed as though they would incorporate us into the booming contemporary civilization. However, these models were soon exhausted without having brought either full development or the elimination of poverty and inequality. In contrast, great industrial powers arose from the ashes of the European and Asian battlefields, and there, where it had seemed that

the world was being rent asunder and there was a climate of deadly confrontation, we now see a community of remarkably strengthened nations and the outlook is one of a level of integration without any precedent in world history.

With the end of the present century already in sight, Latin America continues to be marked by ambivalence. On the one hand, the democratic political processes which are under way in our societies are most encouraging, but on the other, the economic situation of the region continues to be very adverse. Thus, the report of this Commission on the economic performance in 1989 continues to reflect problems which were already present throughout the 1980s: low growth; decline of the per capita product; intolerably high rates of inflation and unemployment; a drop in real wages, and an increase in the region's external debt burden which, though a little less marked than before, nevertheless involves a heavy transfer of resources to the exterior.

The region's efforts to overcome its serious economic problems are still taking place in an unfavourable and inequitable international context: interest rates on the external debt are still very high; the terms of trade with the rest of the world are far from being at fair and equitable levels, and indeed, the prices of some of the region's export products have registered a steady decline. In Mexico, the movement in favour of social justice and the desire to build a solid and prosperous economy ran up against the exhaustion of the development model and the outbreak of a severe economic crisis. Only the force of our political institutions and the collective toughness of our people have permitted the maintenance of social peace, liberty, and the continued enjoyment of political rights.

In the space of 50 years, we had increased our per capita gross domestic product fourfold, and for several decades we kept up an average annual growth rate of over 6%. Our economic and social structure changed substantially: from being a fundamentally agricultural and rural country we became a predominantly urban society. Year by year there was a noticeable improvement in our indicators of well-being, and this further fuelled our optimism. The generalized progress of Mexican society, together with some particularly

outstanding achievements, attracted the attention of researchers of the most diverse schools, for the Mexican economy had grown to the point where it occupied the fourteenth place in the world.

However, limitations in the structure of production and serious social shortcomings remained. Our economy was excessively concentrated in just a few cities, leading to heavy costs for the provision of the necessary services; regional development and the development of the various sectors of production were very disparate; there were still areas of critical poverty, and for a long time our competitiveness was below par. The successes achieved in import substitution became a decoy which distracted attention from the need to make profound changes. Thus, attempts were made to compensate for the weakening of productive activities by taking some measures to increase demand, such as the proliferation of public enterprises in fields previously limited to the social and private sectors, or the acquisition by the State of private firms which were in financial difficulties. It was sought to relieve the structural weakness of the economy through the generalized application of all kinds of subsidies. Moreover, the population growth rate only aggravated the difficulties assailing the almost moribund economic model, for the population was increasing at the same time that the capacity of the economy to satisfy its needs was steadily shrinking.

The country began to register increasingly intermittent and ever-briefer periods of growth, followed by longer and longer periods of economic recession. At the same time, the sudden sharp adjustments of the exchange rate and of the prices of public goods and services which were applied every time the imbalances reached unmanageable proportions gradually undermined the stabilization capacity of the economy until rates of inflation with as many as three digits were recorded: something hitherto unknown in Mexico in this century.

Towards the end of the 1970s, it looked as though oil was the answer to all these problems. The income from oil exports, together with a huge injection of financial resources based on optimistic estimates of the probable evolution of hydrocarbon prices, was used to relieve the

distortions which had built up, thus putting off the necessary corrections of an outmoded structure. When the bright prospects of the oil industry did not materialize and the resource inflow was reversed into an outward flow, however, the Mexican economy entered a crisis situation characterized by over-indebtedness, extremely high fiscal and balance-of-payments deficits, and serious structural imbalances.

In response to this situation, the Mexican Government initiated a process of change designed to transform the production apparatus, raise the general level of efficiency of the economy, and build up an export sector capable of generating the resources needed for development. Measures were taken to put the public finances on a sounder basis, including the reform of the para-State sector. The economic stagnation and pressing social demands made thorough-going changes imperative, but these efforts had to be deployed against the background of the worst external conditions since the war and an unfavourable domestic situation made still worse by the earthquakes in 1985. Even so, however, our economy began to be more competitive, our public finances were placed on a sounder basis, and the size and productivity of the public sector have begun to be more consonant with the needs of growth and the gradual promotion of general well-being.

It is in this context that the country received the proposals for change made by President Carlos Salinas de Gortari. On taking power, the President called upon the people of Mexico to enter into three basic National Agreements to extend our democratic way of life, achieve economic recovery with price stability, and raise our standards of living on the basis of productive improvements. He also instructed the Ministry of Finance to seek a renegotiation of the external debt in line with the objectives of our economic policy.

The Mexican Constitution imposes upon the State the duty to organize a democratic system of national development planning which will ensure solid, dynamic, lasting and equitable economic growth on which the independence and political, social and cultural democratization of the Nation may be based. It was with these duties in mind that the National Development Plan for the period 1989-1994 was prepared.

This is the guiding document of our Democratic National Planning System, and for the six-year period in question it contains four fundamental goals:

- Defence of Mexico's sovereignty and promotion of its interests in the world;
- The extension of democracy;
- Economic recovery with price stability; and
- Raising the standard of living of the population on the basis of productive improvements.

In order to achieve these four objectives, the National Development Plan takes modernization as its general strategy. Modernization means changing our forms of organization to produce riches and well-being and distribute them in an equitable manner; taking an optimistic approach to the changing opportunities offered by the present situation, and liberating the energy of the whole of society so as to make it more efficient and productive. The modernization strategy assumes that there is a need for change and that such change must be carried out in directions and degrees which are in keeping with our ideals of sovereignty and peace, democracy and freedom, and well-being and justice.

The Development Plan which guides Mexico's efforts in this field, like the document prepared by the ECLAC secretariat, seeks to change production patterns while attaining greater equity. In this respect, I should like at this point to express our appreciation to the Executive Secretary for the effort which has gone into the preparation of the documents serving as the basis for the discussions of the present session. Mexico is pleased to note that the realistic, pragmatic and constructive tone of these documents shows that ECLAC is clearly capable of meeting the challenges facing Latin America and the Caribbean at the present time.

The necessary changes in production patterns will only be possible through the recovery of firm, steady growth based on economic stability, the expansion of the resources available for investment, and modernization of our economies.

Recovery of growth on an equitable basis will only be possible if we consolidate the reduction of inflation. Latin American experience has convincingly shown that high

rates of inflation concentrate income, divert the attention of the production sector to activities of little or no social value, lead to a deterioration in the role of money, seriously complicate production and investment decisions by distorting relative prices, and endanger peaceful social coexistence.

Mexico has made important advances as regards economic stability. Inflation has been brought down from 160% in 1987 to a little under 20% in 1989, thanks mainly to the great fiscal and monetary adjustment effort made since 1983. This effort really began to bear fruit in 1988, however, when it was combined with the social concertation which we are still pursuing. Thus, the reduction in the planned expenditure of the public sector, as a proportion of the product, amounted to 9 percentage points between 1983 and 1989; the financial deficit of the sector went down from 16.9% of the product in 1982 to only 5.8% in 1989, while the operating or real deficit on the public finances, which had reached a level equivalent to 10% of the gross domestic product in 1981, was less than 2% in 1989.

The fiscal adjustment effort made in Mexico has been a fundamental element in initiating and pursuing the changes which the country requires. It was clear that unless the public finances were placed on a sound basis, any efforts to secure a lasting reduction in inflation would be in vain. Such an effort is necessary in order for modernization of the economy to be successful and bear fruit, but it is not of itself enough. For this reason, the Government called upon the peasant, labour and business sectors to enter into a concerted agreement to reduce and control inflation while avoiding the cost of a severe economic recession. We Mexicans have found this concerted agreement to be a valuable instrument of shared responsibility which enables us to share out the burden of resuming growth with price stability. Through this concertation, the Government has also confirmed its legitimate authority for carrying out numerous measures of structural change and has strengthened its arguments *vis-à-vis* the country's international creditors in favour of the renegotiation of the external public debt.

Economic stability is an indispensable condition for ensuring that the resources of the

economy are assigned to productive investments. In Mexico, however, just as in other Latin American countries, the present situation demands that such resources should be expanded. Consequently, our country has applied policies designed to stimulate public and private domestic saving and increase the availability of external savings.

Public spending is now directed more precisely towards the execution of those tasks which are the strict responsibility of the State, while the new tax policy seeks to expand the tax base and further increase the equity of the tax system. The financial system, for its part, is being substantially reformed to enable it to recover and enhance its capacity to generate, retain and effectively channel the flows of savings of the population. The compulsory deposits previously required from the banks have been replaced by a system of liquid reserves of a preventive nature, thus eliminating compulsory credit for specific activities; bank interest rates have been freed, and other financial institutions have been given greater flexibility of action. All these measures have increased the level of competence and efficacy of the Mexican financial system.

A few days ago, the President sent to Congress a Bill proposing the restoration of a mixed-economy system with regard to the ownership of banking and credit institutions. The State takeover of the banking system in 1982 took place against the background of an acute financial crisis and a steady deterioration in the economy. Now, however, the circumstances have changed. Mexico has corrected its most serious imbalances and is making decisive progress in changing its production patterns. Today, the main foreseeable needs require the State to concentrate its attention on its basic, fundamental responsibilities, where its presence is not only a political obligation but also the will of the people.

If approved by the Legislature, this Bill will make it possible to assign additional public funds to the solution of broad social problems, while the capitalization and modernization of the banking institutions will open them up to society as a whole so that, in an atmosphere of co-responsibility, it can impart a new rhythm to their activities. There will be no departure from

the State's obligation to ensure that the banking and credit services comply with the objectives of national development and are in keeping with the public interest. Nor will there be any reduction in the attention paid to those production activities which require special credit conditions and technical assistance support, since in the case of the Development Banking System the majority ownership by the State will not only be maintained but even increased.

The resources obtained from the sale of the State's share in the banking system equity must be used to help strengthen the economic stability of the country, to increase the potential for lasting development, and to take care of the pressing demands of the least-privileged members of society. These additional resources will make it possible to reduce the fiscal deficit, relieve the external debt burden, and consolidate the economic recovery process. The Mexican State will increase the facilities for new investments in development infrastructure and for priority action in line with its social aims.

It goes without saying that an item of the greatest importance in establishing suitable conditions for reactivating and promoting development is the renegotiation of the external debt. The strategic importance of this is clear if we recall that for more than a decade Mexico transferred to the exterior resources equivalent to some 6% of its gross domestic product: indeed, the figure came to some US\$70 billion over only eight years.

It is worth looking carefully at the scope and complexity of the terms on which Mexico renegotiated its external debt.

The International Monetary Fund has recognized that external financial commitments must be subordinated to national economic growth objectives. It has also acknowledged that an excessive debt burden is an obstacle to economic growth with price stability. Consequently, the Fund accepted Mexico's proposal that its net transfers should be reduced in line with the country's economic growth objectives, and it authorized the provision of resources totalling US\$4 135 million over a period of three years, with the possibility of using part of this sum for debt reduction operations.

The World Bank also accepted Mexico's economic programme and offered credit of over

US\$2 billion per year during the period 1989-1992, likewise with the possibility of using part of this sum for debt reduction.

The Paris Club, for its part, agreed to restructure US\$2.6 billion dollars of capital and interest maturities over a period of 10 years, with six years' grace, and its members confirmed the availability of guarantees and/or credit for financing their exports to Mexico.

A package totalling some US\$48 billion, equivalent to nearly 50% of the Mexican external debt, was renegotiated with the commercial banks. Specifically, 42.5% was converted into 30-year bonds with a reduction of 35% in the principal; 47% was converted into 30-year bonds with an interest rate of 6.25% per year in dollars or the equivalent in other currencies, and the remaining 10.5% was committed for the contribution of fresh additional funds amounting to US\$1 091 million.

Economically and financially, the package renegotiated with the banks means a reduction of US\$15 billion in the principal of the Mexican external debt, so that, if we also take into account various other debt reduction operations carried out in 1989, together with exchange rate variations and amortization payments totalling some US\$5 billion altogether, the Mexican external debt finally went down from US\$100 billion in December 1988 to less than US\$80 billion on 31 March 1990. This is undoubtedly an amount more in line with the size of the Mexican economy, as it now represents 40% of the GDP and brings the annual net transfers abroad down to less than 2% of the product, compared with an average of 6% in previous years.

The results are beginning to be clearly noticeable in the country. Little by little, a climate of confidence and security has been growing up which has led to the repatriation of a substantial volume of capital.

Likewise, foreign investment is also beginning to take advantage of the important advantages offered by Mexico's domestic conditions, its close links with international markets, and its advantageous geographical location, all this being further facilitated by the updated regulations now adopted. The new rules make the mechanisms for the implementation of direct foreign investment projects clearer and

more flexible, while measures of expansion and liberalization have been taken with regard to the areas where such investments can be made as well as the possibilities for ownership by foreign investors.

Modernization of the economy is an essential requirement in order to attain the goals we have set ourselves. Not only is it necessary to obtain more resources and create the conditions for them to be effectively channelled to investment and growth, but they must also be used more efficiently.

Mexico has gone a long way in its process of structural change, and the process of trade modernization has been one of the main elements in this. This process of change is prompted by a desire to reach trade agreements which bring concrete benefits for the people of Mexico, strengthen national industry (especially small and medium-scale industry), and promote a sustained increase in real wages and employment so as to act as real vehicles of social development.

The kinds of trade agreements we are seeking are in line with the principles of multilateral international trade and aim to further cement our position in the Latin American sphere, with which we are united by our common origins and the similarity of our form of development. We also seek a fruitful combination of these agreements with the terms of our trade negotiations with other markets and financial, technological and industrial centres such as the European Economic Community, the Pacific, and North America.

With the aim of attaining conditions of reciprocity which will favour the development of our economies, Mexico has freed over 80% of the total value of its imports from the requirement for prior import licenses. Such imports are now subject only to *ad valorem* tariffs whose weighted average is less than 10%.

During the present administration, a review has been initiated of the domestic regulations affecting a considerable number of activities, with the aim of eliminating market practices which militate against productivity and competition. The areas thus being subjected to various forms of deregulation range from regulations on industrial packaging and on the acquisition of foreign technology to federal

regulations on public freight transport, and they extend from the operation of the coffee, sugar and fishery industries to the areas of telecommunications and petrochemicals. The task of promoting modernization in order to raise the efficiency of the productive apparatus is far from over, and there is ongoing examination and analysis of new areas where changes in the existing regulations could mean an increase in industrial productivity or the elimination of unwarranted privileges.

Another crucial aspect of the modernization process in Mexico is the privatization of public enterprises and bodies which were set up in the past when it was believed that increasing the direct activity of the State in the production of goods and services was of itself an appropriate response to the recurrent trends towards economic stagnation.

Past history teaches us that beyond any doubt the determined action of the State in the field of its primary functions is of fundamental importance for promoting development. More recent economic history also teaches us, however, that when there is a departure from the real priorities of State activity, this usually weakens the State's impact in those areas where it is socially indispensable. We have learnt that when the action of the State is diluted, it loses effectiveness and discourages the collective effort to further the development of the country as a whole, promotes economic weakness and fuels fiscal deficits and financial crises, and ending up by doing much deeper and more lasting damage which far outweighs the partial and transitory benefits it seemed to promise. In short, we have learnt that development cannot be achieved through a single sector, but only by the sum total of comprehensive efforts, which means respecting and stimulating the action of each of the sectoral components of the country.

In Mexico, the State is engaged in a profound redefinition of its functions. Until the end of 1982, the State participated in numerous sectors of the economy, through 1 155 public bodies. Now, however, 870 of these have been either sold, liquidated, eliminated or transferred to other sectors. Fiscal transfers to public enterprises have gone down from 8.1% of the product in 1982 to less than 4% in 1989. In all cases, the changes of status were carried out in

strict compliance with the relevant laws or other legal provisions. These measures have been particularly marked in respect of public enterprises in the areas of telephones, mining, iron and steel, air transport, shipbuilding, tourism and the secondary petrochemical industry.

The Government of President Carlos Salinas de Gortari, convinced that a huge and all-embracing State is not necessarily the same thing as a strong, just State, has pressed on with the process of bringing the size of the public sector in line with the demands of world change. The Mexican State, strengthened by its political pluralism, in no sense renounces its duty to lead the economy in the right direction, as laid down in our Constitution. On the contrary, it seeks to make its participation more efficient, flexible and just by promoting civil initiative and furthering the interests of the people.

My delegation has tried to express the domestic effort made by all the people of Mexico. All the other countries of Latin America and the Caribbean, in line with their own particular political, economic and social conditions, have been making similar efforts to further their development.

It is necessary to mobilize international co-operation in order to create the minimum conditions which will permit the success of each of the measures which the Latin American governments are applying and the overall set of efforts which are being made to secure changes in production patterns with social equity in the region. The International Development Strategy which is to be designed for the coming decade is a basic component in this co-operation. For economies which are in the process of opening up, the international economy becomes a critical variable in their development process. Stability of commodity prices, assured access to markets for their exports of goods and services, a positive resource transfer, appropriate solutions to the external debt problem, access to suitable technology in the fields of greatest importance for their international competitiveness, and support for their programmes designed to help the poorest strata and combat the narcotics problem are just a few of the basic requirements in this international component of Latin American development.

We have adopted a resolution on support for the people of Haiti, and we hope to adopt very soon another one on co-operation among the countries of Latin America and the Caribbean. We can therefore say that we have clearly shown that we of Latin America and the Caribbean believe that co-operation among the countries of the region is necessary in order to achieve development, and we hope that all the member countries of the Commission will show their willingness to carry out all the international measures of development co-operation that will be necessary.

As the documents before us at this twenty-third session of ECLAC make clear, economic change and growth in our countries must be propelled on the basis of equity and justice. Sustained economic development is necessary for the creation of more jobs with better wages, the eradication of poverty and the protection of the environment. Growth in a climate of stability and confidence is a necessary condition for correcting the structural distortions and doing away with the social lags which still persist in our countries, sometimes to a dramatic degree.

The social inequality and heartrending misery which still exist in some cases demand attention that cannot be delayed. Consequently, the Mexican Government has put into effect a National Solidarity Programme which seeks to bring immediate relief to the problem of extreme poverty in our country. Far from imposing the criteria of the central administration, this programme is closely adapted to the most pressing needs of the communities concerned, through their active participation in both the formulation and the execution of the projects. One of its aims is precisely to involve the communities in the solution of their own specific problems by providing not only for the contribution of financial resources but also for intense community participation in the execution of social improvement programmes. Thus, it is the members of the community themselves who are given the always welcome responsibility of taking part in assigning social expenditure and sharing in the effort. To put it briefly, the National Solidarity Programme is allowing us to reconcile the implementation of an ambitious social policy with the maintenance of balanced public finances.

It is obvious from the foregoing that the reforms introduced under the Mexican Government's economic policy are fully in line with the principles now proposed by ECLAC. It is a matter of great satisfaction to us to be engaged in the task of safeguarding the Latin American heritage of justice and equity while harmonizing it with the common concern to renew our structures of production in line with world realities of the coming century.

At the present time, the tendency towards integration is a phenomenon which is to be seen in the various regions of the globe. The structure of the international economy is undergoing changes which promote the creation of great economic blocs, giving rise to a more demanding and competitive market. Various examples of this phenomenon are taking place with great rapidity before our very eyes, both in Greater Europe and in the immense Pacific area, as well as along the mighty industrial frontier between the United States and Canada.

The Old World already has an exceptionally rich past history of integration, and it is expected that by 1992 it will have consolidated its position as one of the great poles for economic negotiations. A basic element in the European achievement has been the elimination of tariff and non-tariff barriers to trade in that region. This has stimulated trade and been singularly effective in bringing the more backward economies of the continent up to the general level of development.

In the face of this definition and consolidation of blocs which increase the economic might and strength of their members, Latin America must not lag behind. It is absolutely necessary to promote the integration of Latin America and the Caribbean in order to share in the potential offered by world evolution. It is therefore necessary to prepare a wide-ranging economic project for the region by joining together to identify the patterns and strategies which can hold out the greatest social benefits for our peoples. In this respect, ECLAC has carved out for itself a distinguished place in the systematic study of our common problems and the judicious and objective recommendation of the policies to be applied. ECLAC is therefore called upon to play a decisive role in facing up to the new challenges to Latin America and the Caribbean.

President Salinas de Gortari has instructed me to confirm to you in the clearest possible terms that Mexico remains true to its historic commitment to the development of the Latin American region. Today, as in the past, we are deeply interested in further increasing our links with the whole of Latin America and the Caribbean. In this respect, we believe that in order best to respond to the changes in the international environment it is necessary to speed up our efforts at Latin American integration. The evolution of the world economy makes it extremely desirable to eliminate tariff and non-tariff barriers between our countries, to simplify the machinery for granting trade preferences, and to supplement them with an

agreement limiting the rates of protection of the Latin American economies. At the same time, it is desirable to facilitate transport and communications between the nations of our area and seek a gradual but determined opening-up of the region to the rest of the world so that we can promote our exportable supply.

On behalf of the Mexican government I wish to express my heartfelt desire that this twenty-third session of ECLAC may mark another fruitful stage in the promotion of Latin American cohesion, inspired as always by the goal of the future development of our nations and by the undying ideals of Sucre and San Martín, Morelos and Bolívar.

Angel Viñas

Director of Latin American Relations of the Commission of the European Communities

European co-operation can and must help the development of the region

For the European Commission, which is the executive organ of the European Community and is an observer of ECLAC's activities, it is a great satisfaction to be participating in the work of this twenty-third session.

ECLAC has been one of the boldest repositories of Latin American economic thinking, as the Foreign Minister of Venezuela reminded us yesterday.

Yesterday, too, the European Commission solemnly celebrated the fortieth anniversary of the declaration by Robert Schumann which opened the way for the establishment of the European Iron and Steel Community and, ultimately, set afoot the process which has resulted in the European Community of the present time.

Both Latin America and the Community are currently living in a time of challenges.

The report presented by the Executive Secretary of ECLAC at this session, entitled

Changing production patterns with social equity, identifies and classifies the challenges facing Latin America and proceeds to analyse them in detail.

The Community, for its part, has already begun to tackle the issues of the post-1992 era: in December of the present year, the Intergovernmental Conference on Economic and Monetary Union will begin its work, and it is likely that at a forthcoming meeting of the Council of Europe it will be decided to organize another conference, on political union. At all events, the developments in Eastern Europe and the imminent reunification of Germany have given rise to broad consensus in the Community on the need to speed up measures to achieve still greater cohesion, narrow the gap between economic integration and political co-operation, stimulate the overall growth of the Community and redefine the relative roles of its institutions so as to secure still greater and more manifest democracy.