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**REPORT OF THE AD EOC COMMITTEE ON PROPOSED ECONOMIC
COMMISSION FOR LATIN AMERICA**

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AD HOC COMMITTEE ON PROPOSED ECONOMIC COMMISSION
FOR LATIN AMERICA

REPORT TO THE ECONOMIC AND SOCIAL COUNCIL

I. INTRODUCTION

1. By its resolution of 11 August 1947 the Economic and Social Council established an ad hoc Committee consisting of Chile, China, Cuba, France, Lebanon, Peru, United Kingdom, United States of America, and Venezuela, and requested it to "consider the factors bearing upon the establishment of an economic commission for Latin America within the framework of the United Nations and....present to the Council a report with recommendations concerning the creation of such a commission." The Committee was authorized to "consult with interested agencies both within and without the United Nations." In addition it was instructed to "ascertain the views of the Ninth International Conference of American States convening in Bogota in January 1948."

2. Accordingly, the ad hoc Committee on the Proposed Economic Commission for Latin America met at the Interim Headquarters of the United Nations on 9 October 1947. The following accredited representatives of the Governments Members of the ad hoc Committee attended one or more of the meetings:

Chile	Mr. H. Santa Cruz Mr. Fausto Soto Mr. F. Maquieira
China	Mr. P.C. Chang Mr. T.Y. Wu
Cuba	Mr. G. Belt Mr. J.P. Cubillas Mr. C. Blanco Miss U. Manas
France	Mr. T. de Clermont-Tonnerre Mr. J. de Folin
Lebanon	Mr. C. Malik Mr. K. Azkoul
Peru	Mr. J. Monge Mr. C.H. de Lavalley Mr. J. Encinas

/United Kingdom

United Kingdom Mr. H.M. Phillips
 Mr. J.C.C. Alexander

United States of Mr. W.A. Fowler
 America Mr. L.K. Hyde, Jr.
 Mr. L. Stinebower

Venezuela Mr. C.E. Stolk
 Mr. P. Zuloaga
 Mr. G.A. Lovera

3. The following representatives of Specialized Agencies invited to participate in the work of the Committee in accordance with the terms of Agreements between these Agencies and the United Nations attended the meetings:

International Labour Organization	Mr. E.J. Riches
Food and Agriculture Organization	Miss S. G. Fowler
	Mr. W.G. Casseres
	Mr. R. Arellano-Bonilla
United Nations Educational, Scientific and Cultural Organization	Mr. E. Arenales
	Mr. S. Arnaldo
International Civil Aviation Organization	Mr. E.R. Marlin
International Bank for Reconstruction and Development	Mr. E. Lopez-Herrarte
International Monetary Fund	Mr. G. Williams
	Mr. J. Del Canto

The Interim Commission of the World Health Organization was represented at the meetings by Mr. G.E. Hill II.

4. The American Federation of Labor, a Non-Governmental Organization having Consultative Status was represented by its consultants Mr. S. Romualdi and Mr. Peter Garvan.

5. Mr. Carlos E. Stolk, representative of Venezuela, was elected Chairman. At the Committee's request, Mr. Stolk consented to act as Rapporteur. It was decided at the first meeting not to elect other officers, but Mr. H.M. Phillips was elected Vice-Chairman at the fifth meeting on 20 November 1947.

II. AGENDA

1. The following Agenda was adopted:

- (i) Submission of data prepared, or to be prepared, by Secretariat regarding the economic problems of Latin-American countries in accordance with the final paragraph of the Economic and Social Council's resolution of 11 August 1947.

/(ii) Consideration

- (ii) Consideration of factors bearing upon the establishment of an Economic Commission for Latin America within the framework of the United Nations.
- (iii) Arrangements for consultation with
 - (a) interested agencies both within and without the United Nations, and
 - (b) Ninth International Conference of American States convening at Bogota in January 1948.
- (iv) Report to Economic and Social Council.

* * *

2. The Commission's terms of reference read as follows:

"THE ECONOMIC AND SOCIAL COUNCIL,

RECOGNIZING that the Latin-American countries are faced with serious post-war problems of economic adjustment threatening the economic stability of these countries, with their less developed economies, and

RECOGNIZING that co-operative measures among the American republics can be of practical assistance in raising the level of economic activity in Latin America and in maintaining and strengthening the economic relations of these countries both among themselves and with other countries of the world, and that such measures would be facilitated by close co-operation with the United Nations, as well as with the agencies of the Inter-American system,

ESTABLISHES an ad hoc Committee consisting of Chile, China, Cuba, France, Lebanon, Peru, United Kingdom, United States of America, and Venezuela;

DECIDES upon the following terms of reference for the Committee:

1. The Committee shall consider the factors bearing upon the establishment of an economic commission for Latin America within the framework of the United Nations and shall present to the Council a report with recommendations concerning the creation of such a commission;
2. The Committee may consult with interested agencies both within and without the United Nations, and shall ascertain the views of the Ninth International Conference of American States convening in Bogota in January 1948;

/REQUESTS

REQUESTS the Secretary-General to give special and immediate aid to the Committee by initiating studies defining and analyzing the economic problems of Latin-American countries which threaten the stability and development of their economies."

(Resolution 70(V) adopted by the Economic and Social Council on 11 August 1947)

3. The Commission has considered these terms of reference to require it to study and report upon:

- (i) The sources and nature of the Council's authority to create such a regional commission as has been proposed;
- (ii) The limitations if any to that authority such as may derive from the actions of the General Assembly or the Council itself;
- (iii) The urgent economic problems of Latin America today;
- (iv) The existing international machinery concerned with economic problems in Latin America;
- (v) The question of the need for an economic commission for Latin America; and
- (vi) The functions which the Council might authorize such a regional commission to perform and its proposed composition and geographic scope.

III. AUTHORITIES AND PRECEDENTS RELATING TO PROPOSAL TO CREATE AN ECONOMIC COMMISSION FOR LATIN AMERICA

1. In Article 55 of the Charter it is stated:

"... the United Nations shall promote:

- a. higher standards of living, full employment, and conditions of economic and social progress and development;
- b. solutions of international economic, social, health and related problems; and international cultural and educational co-operation; and
- c. universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion."

2. These statements of objectives may be read in conjunction with the statement of the "Purposes of the United Nations" given in Article 1, paragraph 3 -

"To achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character ..."

and paragraph 4 -

"To be a centre for harmonizing the actions of nations in the attainment of these common ends."

3. Chapter I of the Charter establishes the Economic and Social Council; Article 68 of this Chapter specifically charges the Economic and Social Council to set up commissions in economic and social fields and for the promotion of human rights, "and such other commissions as may be required for the performance of its functions."

4. In Chapter VIII of the Charter, reference is made to regional arrangements or agencies "for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action." However, Chapters IX and X, relating to international economic and social co-operation, contain no specific reference to regional organization, although under Article 56 all members pledge themselves to take joint action in respect of such co-operation. The Committee felt that this provision covered fully the fact that the proposed Regional Commission would need to collaborate closely with existing regional organizations dealing with economic affairs in Latin America, such as the Pan American Union and its Inter-American Economic and Social Council.

5. From the excerpts given above, it may be concluded that the creation and broad purposes of an Economic Commission for Latin America, such as has been proposed to the Economic and Social Council, fall within the terms of the Charter. Also, such objectives fall within the scope of the Council's functions and would be in accord with its general purposes.

6. The Council has now created two regional commissions, the first for Europe and the second for Asia and the Far East. This action was taken following the adoption by the General Assembly of a resolution (46(I)) at its 55th Plenary Session on 11 December 1946, in which it recommended that "in order to give effective aid to the countries devastated by war, the Economic and Social Council at its next session give prompt and favourable consideration" to proposals for their creation. In establishing these Commissions the Council specified that their activities should be directed to:

"... facilitating concerted action for the economic reconstruction of Europe, for raising the level of European economic activity, and for maintaining and strengthening the economic relations of the European countries both among themselves and with other countries of the world;"

7. The same direction was given to the Economic Commission for Asia and the Far East, while in both cases the proviso was inserted that the Commissions should take no action in respect to any country without the agreement of that country.

/8. The two regional

8. The two regional commissions were further advised as to the character of their activities. Specifically, they were, among other things, to:

Make or sponsor such investigations and studies of economic and technological problems and developments ... as the Commission deems appropriate;

Undertake or sponsor the collection, evaluation and dissemination of such economic, technological and statistical information as the Commission deems appropriate.

9. Thus, to summarize the foregoing, the Charter provides the necessary power and authority for measures within the economic field planned to raise the levels of economic activity and for maintaining and strengthening the economic relations between nations. Further, it may be concluded that within the broad purposes set out above, certain specific objects have been judged suitable for international consideration by a regional economic commission. These powers have already been utilized and precedents established for the creation of regional bodies performing functions of this character.

10. However, the Council related the work of the regional commissions specifically to the giving of effective aid to devastated countries. Also, under paragraph 19 of the Resolution quoted, provision was made for a special review of the work of the Commission to be made not later than 1951 with a view to determining whether the Commission should be terminated or continued, and if continued what modification if any should be made in its terms of reference.

11. From this the Committee concludes that the Council intentionally distinguished between the regional commissions which were given a defined task as well as a precise regional responsibility and the functional commissions which, while having precise terms of reference, have a wide area of study and are not subject to any time limit in respect of their work.

12. The Committee notes that the Council has created functional commissions, e.g., the Economic and Employment Commission, with its two Sub-Commissions on Economic Development and on Employment and Economic Stability, the Transport and Communications Commission, the Statistical Commission and the Fiscal Commission. The Committee observes that none of these bodies could undertake to give special aid to devastated areas, although all of them work in the economic field and have a responsibility toward the Council for the consideration of problems and the preparation of recommendations on a global basis falling within the scope of the Articles of the Charter

/referred to

referred to above.

13. The Council has clearly been aware of the possible duplication involved in the creation of regional commissions working on similar problems in their regional aspect. Safeguards have been provided at various points. Regional commissions are required to submit for the Council's prior consideration any proposals for activities that would have important effects on the economy of the world as a whole; special emphasis was placed on the regional commissions' task of giving effective aid to the devastated areas and, finally, an overall review of the commissions' work has been called for not later than 1951 with the clear intention of ascertaining whether a need for the regional commissions still exists.

14. Moreover, the Economic and Social Council adopted a Resolution at its Fifth Session (72(V)) in which it took note of the proposal to create an Economic Commission for Latin America and the references made to the possible establishment at a later date of an Economic Commission for the Middle East, and requested the Economic and Employment Commission "to examine and report upon the general question involved in the creation of regional economic commissions as a means for the promotion of the aims and objectives of the United Nations."

15. The adoption of this Resolution followed the expression by certain Council members of doubts as to whether a regional system of commissions should be established in view of the Council's earlier decisions by which it has already created a system of functional commissions. The Economic and Employment Commission will meet next in April 1948 and this resolution will then be before it.

16. On the other hand, considerable emphasis was placed, during discussions in the Second Committee of the Second Session of the General Assembly, upon the "indivisibility of the problem of reconstruction of war devastated areas and the development of under-developed regions" and upon the advantages to be gained from the creation of regional economic commissions. Substantial support was given to the view that regional problems could best be dealt with by regional machinery. The strength of this support may be gauged from the following quotations from the Report of the Second Committee (A/433) which also present considerations to which many representatives attached special importance:

"Reconstruction and Development"

Some of the representatives feared that insufficient attention had been paid to the need for international action in the sphere of economic development and that there was a tendency to look upon economic problems of the under-developed regions from the angle

/of the highly

of the highly developed countries of Europe and America. The attention of the Committee was drawn to the indivisibility of the problem of the reconstruction of war-devastated areas and the development of under-developed regions. Similar views were expressed by a number of representatives including those of the Argentine, Brazil, Chile, China, Cuba, Ecuador, Egypt, India, Iraq, Lebanon, Liberia, Mexico, Pakistan, Peru and the Philippines. The representative of the Netherlands believed that there was a certain justification for a more immediate aid to the war-devastated countries since, because of their great share in pre-war international trade, they could play an extremely important part in the recovery of the world economy as a whole ...

Regional Economic Commissions

Several representatives saw advantages in special regional mechanisms for dealing with economic problems. The creation of a regional economic commission for Latin America was supported by a considerable number of representatives including those of Argentina, Australia, Belgium, Brazil, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt, France, India, Iraq, Lebanon, Liberia, Mexico, Peru, Philippines, Poland, Siam, Sweden and Venezuela. The representative of Chile stated that the great majority of the members of the United Nations were in favour of the establishment of an Economic Commission for Latin America, but that he did not propose to move any formal resolution, since he was confident that the procedure established by the Economic and Social Council, (see resolution 70(V) of the Economic and Social Council: document E/573) would result in appropriate action. The representative of the Soviet Union stated that the question of the creation of an Economic Commission for the countries of Latin America was not on the agenda of the General Assembly and the inclusion, in the preamble of the resolution regarding the Economic Commission for the Middle East, of a clause approving the creation of the Economic Commission for Latin America was not appropriate.

The representative of Egypt, supported by the representative of India, Iraq, Lebanon, Pakistan, Siam and Syria, and the United Kingdom called for a study of the establishment of an economic commission for the Middle East, and made a corresponding proposal." (Document A/433).

17. As a consequence of the consideration by the Second Committee of the General Assembly of the need for regional economic commissions, the

/General Assembly

General Assembly adopted a resolution on 31 October 1947 in which, after "taking note with satisfaction of the decision by the Council at that session to establish an ad hoc Committee for the purpose of studying factors bearing upon the establishment of an Economic Commission for Latin America" the Assembly invited the Economic and Social Council "to study the factors bearing upon the establishment of an Economic Commission for the Middle East."

18. From this most recent review of relevant action taken by the Economic and Social Council and by the General Assembly, the Committee concluded that there existed a substantial interest in the question of creating further regional commissions.

19. Further, the Committee noted the emphasis given by the General Assembly at its Second Session in its Resolution on the Implementation of Economic and Social Recommendations, which states:

"With a view to the creation of conditions of stability and well-being to the promotion of social progress and better standards of life, taking account of the fact, well established by experience, that prosperity is indivisible and requires the co-operation of all Member States within the framework of the United Nations."

20. Having reviewed the authority contained in the Charter, the past decisions of the Assembly and of the Economic and Social Council, the Committee reached the following conclusions:

(a) That the Council has broad powers in the economic field to promote economic advancement and solutions of international economic problems;

(b) That it is within the Council's authority to create regional commissions in order to promote these ends in respect of any given region;

(c) That the Council has, in fact, embarked upon a functional form of organization as a permanent structure and has created regional commissions rather as short-term complementary organs and as a means of meeting certain very urgent problems. The special nature of these regional commissions has been indicated by:

(i) directing the regional commissions to deal with the problems of devastated areas;

(ii) providing for a review of their work and terms of reference not later than 1951; and

(iii) deciding to have the two systems reviewed in 1948 by the Economic and Employment Commission;

(d) That should the Council so desire, it could proceed to create an
/Economic Commission

Economic Commission for Latin America, though limitations comparable to those applicable to the Economic Commission for Europe and the Economic Commission for Asia and the Far East would appear advisable.

IV. ECONOMIC FACTORS RELEVANT TO THE ESTABLISHMENT OF AN ECONOMIC COMMISSION FOR LATIN AMERICA

1. The Committee now presents its views as to the urgent economic problems of Latin American placed before it as relevant to the creation of an Economic Commission for Latin America.
2. The Committee believes that a brief analysis of these problems will assist the Council in its consideration of the matter. In making this analysis the Committee was aided by the following studies prepared by the Secretariat, the last of which is presented as an Annex to this report:

Survey of Current Inflationary and Deflationary Tendencies

(Document Series A - No. 2);

Preliminary Report on Economic Conditions in Central America
and some Caribbean Countries*;

Economic Development in Selected Countries: Plans, Programmes
and Agencies (Document DEA/ED.1);

Review of Economic Conditions throughout Latin America (Annex III)

3. The nature of the need is threefold: The Latin-American republics, together with all the United Nations, used their capital equipment at an abnormal rate during the war years. Further, they were initially ill-equipped and ill-prepared to make these efforts which constituted a proportionately heavier burden on them.
4. In the second place the general lack of development in the Latin-American countries is such that they will require many forms of external assistance if their own efforts at development are to be accelerated and made most fruitful.
5. Finally, in the post-war world the Latin-American countries find that the realization of their plans for development, the repair of their wartime economic losses and replenishment of their capital equipment is far more difficult and more costly than had been expected.
6. They believe that there are urgent and immediate circumstances in their own situation which make the creation of an Economic Commission for Latin America essential.
7. Conscious of the inter-dependence of the various regions of the

* Available in draft form to the members of the ad hoc Committee on Proposed Economic Commission for Latin America.

world, they believe too that the acceleration of the solution of their economic difficulties will enable them the sooner to make their full contribution to the maintenance of economic stability and well-being throughout the world.

8. The Committee, therefore, desires to present in the briefest possible manner the chief considerations relevant to the three points stated above, which, in its view, are of special significance with reference to the proposal to create an Economic Commission for Latin America, viz:

- (a) Wartime expenditure of capital equipment;
- (b) Fundamental lack of economic development;
- (c) Current economic problems of special urgency.

(a) Wartime Expenditure of Capital Equipment

9. In considering the extent and nature of the war effort made by the countries of Latin America, the Committee appreciated the very close connection between the efforts which were then made and certain of the most urgent problems now facing the Latin-American countries. While these are set out in more detail in the subsequent section on urgent economic problems, it was evident to the Committee that this situation had its roots in world events during the war years and the impact of these events on the economies of the Latin-American countries. These economies, by reason of their lack of diversification, have always been more vulnerable to the effects of world crises; the situation prevailing during the war gave further evidence of this vulnerability. In a statement presented to the Committee by its Latin-American members (see Annex II) they reported that:

"The Latin-American economies have been afflicted with additional economic ailments which have greatly upset both their long-term planning and their efforts to achieve a smooth transition from war to peacetime economies. Among these ailments, some of them chronic, the principal are:

- (a) Serious and even crippling inflation;
- (b) Serious shortages of foreign exchange, capital goods, and consumer goods; likewise, serious deterioration and shortages of equipment;
- (c) Post-war imports have now to be paid for at world inflation prices."

10. In countries so poorly equipped and under-developed as most of those of Latin America, it was inescapable that the production demands associated with the war should accelerate the wear and tear on plant and equipment while precluding all or most normal maintenance,

/replacement

replacement or repair work. An initially inadequate industrial equipment was called upon to produce far beyond its rated capacity with the result that there is now a most serious aggravation of normal re-equipment needs. The Committee has been informed that the Co-ordinator of Inter-American Affairs of the United States Government estimated in 1944 the replacement cost of such re-equipment needs in the neighbourhood of \$2800 million.

11. Further, there was during the war years a fostering of production in many lines having little or no permanent economic justification. The needs of the war in some cases, or in others the needs of the local population cut off from normal overseas supplies, were met with little or no regard to cost. The subsequent collapse of these uneconomic developments, should it occur would be a heavy burden on countries where industrial development is only just occurring and such losses are particularly hard to bear.

(b) Fundamental Lack of Economic Development

12. From the data before the Committee it was evident that the main, indeed the dominant, problem of all the Latin-American countries is their need for an accelerated rate of recovery from the effects of the war and of economic development. Some have advanced towards a substantial degree of industrialization; others are taking only the first tentative steps in this direction while still others have not yet been able to move from a pattern of economic activity first established many decades ago.

13. The Committee was provided by its Latin-American members with a summary statement concerning this problem (Annex I) and repeats here a statement of "the major factors from which as a rule arise serious economic maladjustments in Latin America":

1. Under-developed agricultural, non-industrial economies, which do not include the bulk of the peasant populations in the economic life of the countries, with the result that such populations are to a major degree economically inert;
2. Dependence upon extractive industries and/or monocultural production of crops, for which adequate markets only exist overseas;
3. The generally low level of national savings and of national investment in mining, industry, and large-scale agriculture, with its consequence of foreign investment in many of these large enterprises, results in a significant flow of profits overseas;
4. Primitive living conditions for the economically inactive population, and inadequate living conditions (housing, clothing, health, diet, etc.) for the majority of the economically productive population, especially those in low-income brackets;

/5. Largely

5. Largely undeveloped techniques in industry, agriculture, mining, finance, trade and means of transportation;
6. Low income, low productivity, low purchasing power, and low employment (e.g. female population is largely unemployed) among populations which are economically active;
7. Maldistribution of the national income;
8. In most cases foreign debt is an outstanding item in the national liabilities, a fact which makes most of them debtor nations;
9. Latin-American economies, with their competitive rather than complementary economies, are weakened by their lack of regional integration; their relative isolation from one another is revealed by the small volume of inter-Latin-American trade;
10. Recurrence of unfavourable balance of payments in many countries, and in some countries recurrence of unfavourable balance of trade;
11. Fiscal, budgetary and tax systems are in most cases inadequate to meet the growing demands of the economies of these countries; the personnel of these systems are inadequate in numbers and in some cases insufficiently trained;
12. Latin-American economies lack liquidity; savings and investments are low, and credit inadequately developed, thus the natural trend to increase income or accumulate capital is weak; high rates of interest prevail;
13. Evolving political, social and cultural conditions.
14. Among these elements some are manifestly consequences, yet in turn themselves operate as causes. The Committee did not attempt to elucidate such causal relationships. It is aware that a much fuller analysis could be undertaken under this head but believed that it was not called upon either to analyze the reasons for the lack of economic development or to consider possible remedial measures.
15. It is sufficient to report that from the meagre evidence - itself a consequence of underdevelopment - the Committee believes it true that in Latin America low productivity has led to low incomes and purchasing power, that these in turn have perpetuated poor living conditions - in the broadest sense - and so complete a circle of low productivity and a seemingly insuperable range of obstacles to every effort of the Latin-American countries to improve their position. Or again, the Committee has been convinced that the great dependence of many Latin-American countries on the exports of a very narrow range of products ties these economies to

/the fluctuations

the fluctuations of world markets. Moreover, in almost every case the product if exported in its primary stages and the producing economy does not participate in the later stages of working up the product for the final consumer.

16. Throughout the Latin-American economy major handicaps to development are presented by the absence of power resources arising from the lack of coal and the under-development of hydro-electric power. In addition, an inadequate rail and road transport system and the absence of any substantial units of a heavy industry operate to retard efforts toward economic development.

17. The Committee does not believe it necessary to emphasize the urgency of these development needs; they are well recognized and remedial measures are under discussion and some have already been put into effect nationally and internationally. One of the most striking tendencies noted by the Committee in fact has been the variety and extent of the national efforts towards development. Plans and programmes have been drawn up on a wide scale; new national institutions and agencies have been created and old ones reinforced. There is, in other words, no lack of evidence of a desire to achieve a substantial advance in the economic and related fields.

(c) Current Economic Problems of Special Urgency

18. From its review of the situation, the Committee found that the conditions described in the foregoing sections have now resulted in the appearance of grave economic problems which confront almost all the Latin-American countries, although with differing degrees of severity. In certain cases these problems are similar to those which exist in Europe and in Asia; in other cases they arise directly from the nature of the Latin-American economy. These problems are in some cases so serious as to frustrate efforts being made by governments to improve their economic prospects and to recover from the wartime losses which they sustained.

19. The Committee can here do no more than give a cursory review of the nature and consequences of the most urgent and most frequently encountered difficulties, but since these problems cause the Latin-American governments so much concern and clearly prevent the Latin-American countries from playing their full part in the efforts to achieve world economic stability, the Committee feels compelled to enumerate the main issues which have been drawn to its attention.

20. In the first place, among the economic consequences of the war was a serious inflationary situation which was aggravated by the under-developed and backward character of the Latin-American economies. All the evidence suggests a condition of acute inflation and in few instances are fully

effective remedies available; rationing and price control systems have been less effective than desirable; the supply of goods continues inadequate, while fiscal systems are weak and poorly situated to take remedial measures. There is evidence of a substantial delayed demand for all kinds of investment as well as consumer goods, creating further inflationary pressures.

21. Inflation at home has been paralleled by inflation overseas, especially in the countries to which Latin America has tended to look for supplies. Some of these sources of supply are still not available, but those which may eventually be able to supply the needed goods, and in particular the United States of America, are themselves experiencing a sharp rise in prices. As a result, Latin-American countries are faced with more than ordinarily urgent requirements which can only be satisfied at prices far above those ruling before the war when the majority of their development plans were prepared.

22. In the second place, the Latin-American countries are already facing the consequences of a serious contraction in the overseas demand for products urgently needed during the war years in the largest quantities possible, such as certain minerals and specific agricultural and industrial products. Although this contraction in demand was to be anticipated, it nonetheless presents severe problems for the countries affected.

23. Thirdly, although at the end of the war many Latin-American countries hoped that their reserves of foreign exchange would suffice to meet the extraordinary requirements of the post-war transition years, unfortunately these reserves have dwindled more rapidly than could have been foreseen. These reserves, which had accumulated as a consequence of their expanded export trade and the cutting off of their normal imports, have declined partly as a result of the general influence of rising prices in supplying countries and partly for lack of the rigid import control which alone could have stemmed the pent-up demand for consumers' goods and for equipment. The reserves now left to many of these countries are little more than normal, and in some cases a balance of payments deficit has emerged. It is, however, to be noted in this context that some countries have improved their balance of payments position by the substantial repatriation of their external foreign debt.

24. Next, the Committee notes the serious consequences for some Latin-American countries of the absence of any revival in European demand for agricultural products. This demand for commodities such as coffee, sugar and tobacco is no more than a fraction of its normal level, while the demand for cereals, which has been maintained by foreign credits, is in certain cases less than formerly and its continuance at the present level

must be regarded as uncertain. For countries which depend so extensively on the export of a single commodity, or at most two or three, the contraction of the market for such staples has been serious.

25. Related to the foregoing point is the inevitable expansion of domestic production of certain critical foodstuffs in Europe, the encouragement of such production overseas in dependent territories or the development of synthetic products. Such expansion may well in the long run confront the Latin-American countries with extremely critical problems of adjustment since they may fail to regain such markets in the near future.

26. Past development in Latin-American countries has depended heavily upon the inflow of capital from Europe. The cessation of this flow has only partly been offset by an expansion of United States lending, both governmental, primarily through the Export-Import Bank, and through private channels. A new factor in the situation is the International Bank for Reconstruction and Development which now has before it loan applications from Mexico and Chile, and further applications will no doubt be made. But these capital flows are unlikely to meet the very great capital needs of the Latin-American countries, with the inevitable consequence that many necessary measures of economic development will have to be postponed.

27. Finally, to present the point made in the preceding paragraph in another way, the Latin-American countries' most urgent need is for a steady and substantial flow of capital goods but most countries capable of producing such goods are now themselves in urgent need and in many cases are handicapped by bottlenecks in respect of raw materials which remain in short supply, the loss of skilled labour and the general economic consequences of wartime dislocation. Thus, even where plans are ready, exchange resources available and the need is pressing, it remains impossible to procure the necessary supplies or technical assistance to undertake large-scale capital improvements.

28. The Committee is aware that the economic problems confronting the Latin-American countries are of a different degree of urgency than those confronting for example, the countries of Europe and of the Far East. There is not, as was the case in Europe or the Far East, a reconstruction problem of overwhelming dimensions nor is there the same probability that failure to solve the problems with the least possible delay may result in a serious loss of life. Nevertheless, the Committee appreciates the anxiety of the Latin-American countries to have their problems reviewed by the organs of the United Nations and their concern that whatever possible remedial action can be taken is, in fact, taken. All the Latin-American republics have expressed their support of the proposal presented to the

Economic and Social Council by the delegate of Chile in communications to the Secretary-General, in the course of the Council's debates, or subsequently in the debates of the Second Committee of the Second Session of the General Assembly.

29. While Latin-American countries have been spared the devastation wrought in Europe and the Far East by actual combat, they nonetheless feel strongly that their present handicaps are so great and have been so far aggravated by the events of the war that they too have need for the services of an economic commission which is both an arm of the United Nations as a whole and yet is working in the midst of the Latin-American countries and is concerned solely with their problems. Further, the Committee has been assured by its Latin-American members that the more rapid recovery of Latin America, which they believe would result from the establishment of an Economic Commission for Latin America, would enable them to play a more important part in the maintenance of world-wide conditions of stability and well-being.

30. Indeed, it was the view of the four Latin-American members of the Committee that any attempt to remedy Latin-American economic maladjustments would need a co-ordinating regional body which must aim at the raising of living standards, the industrialization and the diversification of the Latin-American economies, the intensification and better distribution of their international trade, a better and broader utilization of their natural resources, and the further development of industrial, agricultural, trading, transportation and communication techniques.

31. They held that economic maladjustment in Latin America must in the long run have its reflection throughout the world, and consequently the maintenance of world-wide conditions of stability and well-being, including such urgent problems as relocation of displaced persons, would be delayed until the Latin-American economies were put on a sounder basis.

32. They also recalled that at its Fourth Session, the Economic and Social Council, having in mind the need for economic reconstruction of devastated areas, established the Economic Commission for Europe and the Economic Commission for Asia and the Far East, with a view to the more rapid achievement of economic stability in these areas.

33. Therefore, the Latin-American countries believe that the inter-dependence of the several economic regions of the world is nowadays such that their own delayed recovery will inevitably react unfavourably upon the recovery of other parts of the world and that "the fact, well established by experience, that prosperity is indivisible and requires the co-operation of all members within the framework of the

United Nations" (Assembly Resolution (119 (II)) of 31 October 1947) means that their economic disorders will certainly retard economic revival elsewhere. Thus, re-establishment of the economic relationship between, for example, Europe and Latin America, and Asia and Latin America, will be delayed with the further consequence that other efforts to restore these regional economies will also be impeded.

34. In the light of the foregoing analysis, it is clear that the Latin-American countries are experiencing considerable economic difficulties which are pressing heavily upon their resources and are having an adverse effect upon their standard of life and prospects of economic advancement. Inevitably the repercussions of such difficulties are felt throughout the world economy generally, lessening the contribution these countries can make to the solution of economic problems elsewhere such as those with which the Economic Commission for Europe and the Economic Commission for Asia and the Far East are concerned.

35. The range and complexity of these immediate problems offer sufficient grounds to show that a case can be made out for such assistance as can be given by the United Nations under the authority of the Charter.

V. ACTIVITIES OF THE SPECIALIZED AGENCIES AND THE UNITED NATIONS IN RESPECT OF LATIN AMERICA

1. In considering the existing international machinery concerned with economic problems in Latin America, the Committee availed itself of the Council's authorization to "consult with interested agencies both within and without the United Nations".

2. The Committee approached this aspect of its inquiry with two main considerations before it. The first may best be stated in the words used in the preamble to the Council resolution, namely:

"That co-operative measures among the American Republics can be of practical assistance in raising the level of economic activity in Latin America and in maintaining and strengthening the economic relations of these countries, both among themselves and with other countries of the world".

and particularly, that

"such measures would be facilitated by close-co-operation with the United Nations as well as with the agencies of the Inter-American System".

3. The second consideration before the Committee was that it should endeavour to ascertain as clearly as possible whether the agencies within and without the United Nations could foresee the possibility of fruitful collaboration with an Economic Commission for Latin America were

one to be created under the Economic and Social Council.

Specialized Agencies of the United Nations

4. The Committee invited Specialized Agencies to appoint representatives to attend its meetings and to submit statements of their views regarding the Committee's task.* These provided, in general, material relevant to the second of the considerations mentioned above.

5. No Specialized Agency reported any anticipated difficulty in respect of its work arising from the proposed creation of an Economic Commission for Latin America. The International Labour Organization, the Food and Agriculture Organization, the International Bank and the Interim Commission of the World Health Organization expressly indicated their readiness to co-operate with such a body.

6. As to the activities of the Specialized Agencies, it was clear to the Committee that each according to its responsibilities and purposes has been and will be active in matters particularly affecting the Latin-American countries.)

7. Thus, from the representative of the International Labour Organization the Committee learned that that Organization had held three regional conferences in the Americas in 1936, 1939 and 1946. These conferences had dealt with social insurance, and social and economic problems, among them those presented by the industrialization of Latin America. The other activities of the International Labour Organization had included the establishment of the Inter-American Social Security Conference, the creation of a Sub-Committee on Vocational Training in the American Countries, and the sending of advisory missions to many Latin-American countries.

8. The representative of the Food and Agriculture Organization informed the Committee of FAO's developing interests in the Latin-American field and of the recent visit by its Director-General, Sir John Boyd Orr, to some twelve Latin-American countries. The Committee was also advised as to immediate activities undertaken by FAO, which included the preparation of the Agricultural Census of 1950, the planning of three Conferences during 1948, the establishing of regional offices in Latin America, and the scheduling of a mission to Venezuela for January 1948.

* The following Specialized Agencies were represented at one or more of the ad hoc Committee's meetings: ILO, FAO, UNESCO, ICAO, International Bank, International Monetary Fund, and WHO.

9. The representative of the International Bank for Reconstruction and Development stated that his Organization would naturally wish to co-operate in every way possible with the proposed Commission. The International Bank's recently issued Annual Report stated that it was shortly expected that the financing of development projects in areas such as Latin America would tend, because of the Bank's interest in development, to become one of its primary concerns. The Report also stated that the Bank had under way various investigations and negotiations which it hoped would result in substantial assistance to Latin-American countries.

10. The representative of the Interim Commission of the World Health Organization outlined his organization's interest in the medical aspects of the economic problems of Latin America, expressing the view that the work of the proposed Commission would be incomplete without co-operation from health authorities.

Other United Nations Activities Affecting Latin America

11. In addition, the attention of the Committee was drawn to the fact that in pursuance of a resolution of the Economic and Social Council at its Fourth Session there is under preparation by the Secretariat a study of the question of a regional organization in the field of inland transport in the Americas. The Council's resolution was as follows:

"The Economic and Social Council requests the Secretary-General to undertake a study and to report on the question of a regional organization in the field of inland transport in the Americas, and authorizes him to seek the information required to make the study, taking account, among others, of the views of the appropriate American inter-governmental transport organizations". (Document E/408, 28 March 1947).

12. The Secretary-General, in transmitting the resolution to the Member Governments of countries in the Americas, requested them to provide certain information; this has been done by a number of governments. It is intended to present a preliminary report to the Second Session of the Transport and Communications Commission in April 1948.

13. Further, as the result of a request for technical assistance received in June from the Venezuelan Government, the Secretariat has been engaged in studies concerning the structure and the functioning of the fiscal administration of Venezuela. The Director of the Fiscal Division of the Secretariat has twice visited that country where, in direct collaboration with the Minister of Finance, machinery was set up to carry out investigations and reforms on the preparation and execution of the budget, fiscal procedures, accounting methods, customs administration, organization

/and management

and management of the tax system, distribution of tax burdens, fiscal statistics and allied matters.

14. The Committee's review could not include any detailed survey of the work of the permanent Commissions and Sub-Commissions of the Economic and Social Council, but it was evident that issues such as those raised by the problems of Latin-American countries, long-term as well as short-term, were among the matters on which these functional organs of the Council are working. The Sub-Commissions on Employment and Economic Stability and on Economic Development completed their sessions during the period of the Committee's meetings and the documentation before them included certain of the reports placed before the ad hoc Committee. The Economic and Employment Commission has, under its terms of reference, very broad responsibilities towards the Council in respect of countries such as those of Latin America. Bodies such as the Statistical Commission and its Sub-Commission on Statistical Sampling, the Fiscal Commission, as well as the Transport and ~~Communications~~ Commission mentioned above, have equally important functional responsibilities. The Committee took note of the fact that the functional Commissions were actively discussing problems such as now confront the Latin-American countries, and that in due course the Council would receive from them recommendations bearing upon the economic problems of the Latin-American countries.

15. The Committee also noted that the Draft Charter for an International Trade Organization, submitted to the International Conference on Trade and Employment which opened in Havana in November 1947, provides at several points for international action in respect of problems of major concern to the Latin-American countries. Thus, in addition to extensive provisions in respect of commercial policy, the Draft Charter deals with employment and levels of economic activity, economic development, as well as inter-governmental commodity agreements.

16. The Committee has detailed these various activities in the belief that they need to be considered as being among the most important of the factors bearing upon the creation of an Economic Commission for Latin America. These agencies not only constitute part of the existing international machinery for dealing with problems such as those of Latin America; they are also the institutions with which an Economic Commission for Latin America would have to co-operate and with which its work would have to be integrated.

Non-Governmental Organizations Having Consultative Status

17. The meetings of the Committee were attended by a consultant for the American Federation of Labor, one of the non-governmental organizations

/having

having consultative status. He stressed the special concern of the American Federation of Labor in the Latin-American field and stated that it was deeply interested in the possibility of establishing a United Nations Economic Commission for Latin America.

* * *

18. The Committee believed it was justified in concluding that no difficulties were anticipated by any of the Specialized Agencies in regard to the creation of an Economic Commission for Latin America. While it did not receive positive statements to this effect from all the agencies concerned, the attendance of their representatives at its meetings gave each agency an opportunity to present views to the contrary.

19. As to the Committee's first concern, it was impressed with the character of the work being undertaken in the Commissions of the Council, by the Specialized Agencies and by the United Nations Secretariat, but concluded that in a field so large where so many urgent problems needed to be taken up promptly, there was inevitably room for greater endeavour. While in no way wishing to minimize the efforts reported to it, it seemed evident that the efforts of the Latin-American countries themselves could be further encouraged and strengthened. How far such strengthening could profitably be carried, the Committee could not determine. It was, however, convinced that the creation of an Economic Commission for Latin America could not impede but would undoubtedly facilitate further work by the Specialized Agencies to forward the policies of the Latin American countries looking toward the raising of the level of economic activity. In particular, collaboration in the economic field between the Specialized Agencies, the permanent Commissions and Sub-Commissions of the Economic and Social Council, and the proposed regional commission would also encourage the concentration of efforts upon the most serious problems and in effect permit the establishment of priorities corresponding to the needs of the Countries concerned.

VI. ACTIVITIES OF THE PAN AMERICAN UNION AND ITS INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL

1. The Committee regarded a close understanding of the responsibilities and operations of the Pan American Union in the economic field as vitally important. To this end, it obtained statements regarding the origin, functions, and responsibilities of the recently created Inter-American Economic and Social Council of the Pan American Union. It was also fortunate in establishing contact through its Chairman with Dr. Lleras Camargo, Director-General of the Pan American Union, and with Ambassador Daniels, Chairman of a Special Commission set up by the

/Inter-American

Inter-American Economic and Social Council to consider the proposal to create a United Nations Economic Commission for Latin America.

2. The Pan American Union, an international organization of long standing and great prestige, has undertaken certain activities in the economic field. These economic activities are centred in the Inter-American Economic and Social Council and the work of the Committee was greatly aided by the action of the Pan American Union in providing details it required regarding the constitution, organization and work of the Council.

3. This Council was organized at the Inter-American Conference on Problems of War and Peace held in Mexico in 1945. Its functions may be expanded at the Ninth International Conference of American States to be held in 1948 at Bogota. The Council replaced the Inter-American Financial and Economic Advisory Committee; its membership is similar to that of the Advisory Committee, including representatives of all the twenty-one members of the Pan American Union.

4. The Inter-American Economic and Social Council came into existence in 1945 and has met regularly since that date. It has utilized the technical services of various divisions of the Pan American Union. Its budget is met from general funds of the Pan American Union.

5. The Council has established the following seven permanent commissions:

- I. Production
- II. Commerce
- III. Transportation, Communication and Tourism
- IV. Development Credit and Finance
- V. Social and Labour Problems
- VI. Co-ordination and Relations with other International and Inter-American Organizations
- VII. Administration

Furthermore, there are six special commissions as follows:

1. Enemy Property
2. Revision of the Programme of the Inter-American Technical Economic Conference
3. Naming of the Secretary-General of the Council
4. Cacao
5. Statutes of the Council
6. Facilities available for the Execution of Work Programmes of the Commissions

The Commission of chief importance for the ad hoc Committee's enquiries were:

Commission I: Production

This Commission has prepared a programme for a conference on the
/conservation

conservation of replaceable natural resources, in accordance with Resolution LV of the Third Inter-American Agricultural Conference, held in Caracas, in 1945. It has also completed a report on rubber, and it expects to prepare reports on nitrates, fibrous plants, vegetable oils, balsam, wool, leather, insecticidal and medicinal plants.

Commission II: Commerce

This Commission has prepared reports on the following: Uniformity of statistics in international commerce - in collaboration with the Inter-American Institute of Statistics; the system of quotas adopted by the International Commerce Commission of the United States Department of Commerce. It is also preparing a report on the principles applicable to multilateral and bilateral commercial treaties.

Commission III: Transportation, Communication and Tourism

This Commission has prepared a study on freight rates. It has also prepared a plan for the utilization of ships immobilized in American ports, and has recommended that the question of restitution of these ships be left to each government, a recommendation which has been accepted by the Inter-American Economic and Social Council.

Commission IV: Development Credit and Finance

This Commission has prepared a report and is working on a series of recommendations on the principles applicable to the utilization of investment capital. The report has been approved by the Inter-American Economic and Social Council.

6. The Committee was informed that the Inter-American Economic and Social Council has set up a Special Commission to study the proposal to establish a United Nations Economic Commission for Latin America. The ad hoc Committee has been fully advised by this Commission of its proceedings and has itself informed the Commission of its own work.

7. In addition to its review of the Inter-American Economic and Social Council's functions and the consultations held between its members and the members of that Council's Special Commission, the Committee had anticipated taking steps in accordance with its terms of reference "to ascertain the views of the Ninth International Conference of American States". It interpreted this instruction to require it to ascertain and take into account any views which might be expressed regarding the terms of reference of the proposed Economic Commission for Latin America, with special regard to the need to avoid serious overlapping.

/8. At its tenth

8. At its tenth meeting on 8 December 1947 the Committee learned that the Ninth International Conference of American States at Bogota had been postponed from 17 January 1948 to 30 March 1948. Since this postponement made it impossible for the ad hoc Committee to ascertain the views of the Conference regarding the proposed Economic Commission for Latin America in time to report to the Sixth Session of the Economic and Social Council, the Committee concluded that it should seek to ascertain these views by other means.
9. The Committee was already aware that all the Latin-American governments had expressed support of the original proposal presented by the representative of Chile to the Fifth Session of the Economic and Social Council. In view of this fact, and of the creation by the Inter-American Economic and Social Council of a special commission to study the proposed Economic Commission for Latin America, the ad hoc Committee felt it was proper to approach the Pan American Union to obtain the considered comments of that body (on which all the Latin-American countries are represented) on a Preliminary Report including specific proposals regarding the membership, scope and functions of the proposed commission. (Document E/AC.21/15 - pp. 27-28).
10. Accordingly, at its tenth meeting the Committee agreed to transmit to the Pan American Union such a Report with a request for comments, in the light of which the Committee might formulate its final proposals.
11. On 17 December 1947 the Chairman of the Committee transmitted copies of the ad hoc Committee's Preliminary Report and renewed his outstanding invitation to the Pan American Union to be represented at future meetings of the Committee. At the same time he indicated his willingness to clarify any questions raised by the Pan American Union.
12. The Inter-American Economic and Social Council met in January 1948 to consider the ad hoc Committee's Preliminary Report, and on 20 January 1948 Dr. Alberto Lleras Camargo, Director-General of the Pan American Union, transmitted to the Chairman of the ad hoc Committee the text of a resolution which had been adopted by the Inter-American Economic and Social Council on 15 January 1948 concerning the proposed Economic Commission for Latin America. The following is the full text of the resolution:

"THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL

1. Resolves to support the immediate establishment of the proposed Economic Commission for Latin America, under the Economic and Social Council of the United Nations.
2. The Inter-American Economic and Social Council, in giving its

/support

support to the proposed immediate establishment of a Latin-American Commission of the United Nations Economic and Social Council, authorizes the Inter-American Economic and Social Council, in agreement with the Governing Board of the Pan American Union, to collaborate with the ad hoc Committee on the Proposed Economic Commission for Latin America and in due course with the Economic and Social Council of the United Nations, in order to co-ordinate the work of that Committee with that of the Inter-American Economic and Social Council, the latter retaining its present independence and competence within the Inter-American System, and without prejudice to any decisions which may be taken by the Ninth International Conference of American States when it draws up the Constituent Pact of the Inter-American System (Pacto Constitutivo del Sistema Interamericano).

The Inter-American Economic and Social Council assumes that the expenses of the proposed Economic Commission for Latin-American will be met from the general United Nations budget."

13. The ad hoc Committee's discussion of this resolution was greatly facilitated by the attendance at its fourteenth meeting of Dr. Alberto Lleras Camargo, Director-General of the Pan American Union, who indicated to the ad hoc Committee the purposes of the Inter-American Economic and Social Council's resolution. (The statement of Dr. Lleras Camargo is appended to this report as Annex II.)

VII. CONCLUSIONS AND RECOMMENDATIONS

1. On the completion of its examination of all the foregoing factors which bear upon the creation of an Economic Commission for Latin America, and in the light of the original proposal presented by the representative of Chile to the Fifth Session of the Economic and Social Council, the Committee considered that the area of greatest need where the Latin-American countries were least able to help themselves was that of urgent economic problems arising as a consequence of the war and from current world economic maladjustment. The Committee was convinced that, in the words of the terms of reference of the Economic Commission for Asia and the Far East, much valuable work could be undertaken on behalf of the Latin-American countries by measures looking toward "raising the level of economic activity ... and for maintaining and strengthening the economic relations of these areas, both among themselves and with other countries of the world."

2. Therefore, the ad hoc Committee unanimously recommends to the

/Economic

Economic and Social Council the establishment forthwith of an Economic Commission for Latin America. Such a Commission should have a structure similar to that of the Economic Commissions for Europe and for Asia and the Far East and should have as its purpose the giving of aid and assistance to the countries of Latin America in respect of the problems described above.

3. The Committee also concluded that special safeguards would be necessary in order to ensure the proper co-ordination of efforts between the organs of the Inter-American System and the proposed Economic Commission for Latin America. It was evident that the actual arrangements to secure such co-ordination would have to be a matter for direct discussion between these two institutions. However, it was held that specific provision should be made in establishing an Economic Commission for the maximum co-operation and co-ordination between the two institutions and for as precise an indication as possible of the Economic Commission's proposed field of work in order to lessen the possibility of duplication.

4. Since the Commission's membership may include territories covered by the Caribbean Commission, the Committee further decided that provision should be made for the co-ordination of the Economic Commission's work with the Caribbean Commission as and when this became necessary.

5. The ad hoc Committee decided that its recommendation in favour of the establishment of an Economic Commission for Latin America could best be presented to the Economic and Social Council in the form of a draft resolution for the Council's action. The following text has been unanimously approved by the ad hoc Committee and is presented as its recommendation to the Economic and Social Council in accordance with its mandate:

"THE ECONOMIC AND SOCIAL COUNCIL

HAVING CONSIDERED the report of the ad hoc Committee appointed to study the factors bearing upon the creation of an Economic Commission for Latin America, and

HAVING NOTED the resolutions adopted at the One Hundred and Second Plenary Session of the General Assembly on 31 October 1947;

ESTABLISHES AN ECONOMIC COMMISSION FOR LATIN AMERICA

with terms of reference as follows:

1. The Economic Commission for Latin America, acting within the framework of the policies of the United Nations and subject to the general supervision of the Council, shall, provided that

/the Commission

the Commission takes no action in respect to any country without the agreement of the Government of that country:

- (a) initiate and participate in measures for facilitating concerted action for dealing with urgent economic problems arising out of the war and for raising the level of economic activity in Latin America and for maintaining and strengthening the economic relations of the Latin-American countries both among themselves and with other countries of the world;
- (b) make or sponsor such investigations and studies of economic and technological problems and developments within territories of Latin America as the Commission deems appropriate;
- (c) undertake or sponsor the collection, evaluation and dissemination of such economic, technological and statistical information as the Commission deems appropriate;
- (d) recommend the necessary measures for the provision of technical help to the countries of Latin America and the interchange of information regarding plans and technical methods.

2. The Commission shall direct its activities especially toward the study and seeking of solutions of problems arising in Latin America from world economic maladjustment and towards other problems connected with the world economy, with a view to the co-operation of the Latin-American countries in the common effort to achieve world-wide recovery and economic stability.

3. (a) Membership of the Commission shall be open to Members of the United Nations in North, Central and South America, and in the Caribbean area, and to France, the Netherlands and the United Kingdom.* Any territory, or part or group thereof, within the geographic scope of the Commission's work, may, on presentation of its application to the Commission by the Member responsible for the

* The delegates of China and Lebanon recommended that membership should be broadened to include in rotation one or two of the less developed countries from each of the other regions to be elected yearly by the members of the Commission, but the Committee considered that such a decision involved the larger question of the establishment of liaison between regional commissions and, therefore, went beyond its terms of reference. The two delegates concerned reserved their position in the matter.

international relations of such territory, part or group of territories, be eligible for admission by the Commission as an associate member of the Commission. If it has become responsible for its own international relations, such territory, part or group of territories, may be admitted as an associate member of the Commission on itself presenting its application to the Commission.

(b) Representatives of associate members shall be entitled to participate without vote in all meetings of the Commission, whether sitting as Commission or as Committee of the Whole.

(c) Representatives of associate members shall be eligible to be appointed as members of any committee, or other subordinate body, which may be set up by the Commission and shall be eligible to hold office in such body.

4. The geographical scope of the Commission's work is the twenty Latin-American States Members of the United Nations, participating territories in Central and South America which have frontiers adjoining any of these states, and participating territories in the Caribbean area.

5. The Commission is empowered to make recommendations on any matters within its competence directly to the Governments of members or associate members concerned, Governments admitted in a consultative capacity, and the specialized agencies concerned. The Commission shall submit for the Council's prior consideration any of its proposals for activities that would have important effects on the economy of the world as a whole.

6. The Commission shall invite any member of the United Nations not a member of the Commission to participate in its consideration of any matter of particular concern to that non-member, following the practices of the Economic and Social Council.

7. The Commission shall invite representatives of specialized agencies and may invite representatives of any inter-governmental or non-governmental organizations to participate in a consultative capacity in its consideration of any matter of particular concern to that agency or organization, following the practices of the Economic and Social Council.

8. The Commission shall take measures to ensure that the necessary liaison is maintained with other organs of the United Nations and with the specialized agencies.

9. The Commission shall co-operate with and seek to co-ordinate its activities with the appropriate organs of the Inter-American System and as may be necessary with the Caribbean Commission to avoid any unnecessary duplication of effort between those organs and itself; to this end the Commission is empowered to and shall seek to make working arrangements with the appropriate organs of the Inter-American System regarding the joint or independent study or execution of economic problems within its competence, and the fullest exchange of information necessary for the co-ordination of efforts in the economic field. The Commission shall invite the Pan American Union to nominate a representative to attend meetings of the Commission in a consultative capacity.
10. The Commission may after discussion with any specialized agency concerned, and with the approval of the Council, establish such subsidiary bodies as it deems appropriate, for facilitating the carrying out of its responsibilities.
11. The Commission shall adopt its own rules of procedure, including the method of selecting its Chairman.
12. The Commission shall submit to the Council once a year a full report on its activities and plans, including those of any subsidiary bodies, and shall make interim reports at each regular session of the Council.
13. The administrative budget of the Commission shall be financed from the funds of the United Nations.
14. The Secretary-General of the United Nations shall appoint the staff of the Commission, which shall form part of the Secretariat of the United Nations.
15. The headquarters of the Commission shall be Santiago de Chile. The first session of the Commission shall be held during the first half of the present year in that city. The Commission shall at each session decide upon the place of meeting for its next session with due consideration for the principle that the countries of Latin America be chosen in rotation.
16. Not later than 1951 the Council shall make a special review of the work of the Commission with a view to determining whether the Commission should be terminated or continued, and if continued what modification if any should be made in its terms of reference."

ANNEX I*

FACTORS BEARING UPON SCOPE AND FUNCTIONS OF PROPOSED
ECONOMIC COMMISSION FOR LATIN AMERICA

(Paper by the Representatives for Chile, Cuba, Peru, and Venezuela)

At the second meeting of the ad hoc Committee on Proposed Economic Commission for Latin America, it was suggested by the representative of the United States that if some of the members of the Committee were prepared to present a working paper on the need for and the functions and responsibilities of the proposed Commission, this would greatly aid the Committee's work. The delegates of Chile, Cuba, Peru and Venezuela prepared a draft paper which was discussed at the Committee's third and fourth meetings. Certain clarifications were introduced as a result of this discussion. The following text presents the final form of this document.

I.

The delegates of the four countries consider that the following constitute the major factors from which as a rule arise serious economic maladjustments in Latin America:

1. Underdeveloped agricultural, non-industrial economies, which do not include the bulk of the peasant populations in the economic life of the countries, with the result that such populations are to a major degree economically inert;
2. Dependence upon extractive industries and/or monocultural production of crops, for which adequate markets only exist overseas;
3. The generally low level of national savings and of national investment in mining, industry, and large-scale agriculture, with its consequence of foreign investment in many of these large enterprises, results in a significant flow of profits overseas;
4. Primitive living conditions for the economically inactive population and inadequate living conditions (housing, clothing, health, diet, etc.) for the majority of the economically productive population, especially those in low-income brackets;
5. Largely undeveloped techniques in industry, agriculture, mining, finance, trade, and means of transportation;
6. Low income, low productivity, low purchasing power, and low employment (e.g. female population is largely unemployed) among populations which are economically active;

* This annex was originally issued as document E/AC.21/W.2/Rev.2.

7. Maldistribution of the national income;
8. In most cases foreign debt is an outstanding item in the national liabilities, a fact which makes most of them debtor nations;
9. Latin-American economies, with their competitive rather than complementary economies, are weakened by their lack of regional integration; their relative isolation from one another is revealed by the small volume of inter-Latin-American trade;
10. Recurrence of unfavourable balance of payments in many countries, and in some countries recurrence of unfavourable balance of trade;
11. Fiscal, budgetary and tax systems are in most cases inadequate to meet the growing demands of the economies of these countries; the personnel of these systems are inadequate in numbers and in some cases insufficiently trained;
12. Latin-American economies lack liquidity; savings and investments are low, and credit inadequately developed, thus the natural trend to increase income or accumulate capital is weak; high rates of interest prevail;
13. Evolving political, social and cultural conditions.

II.

The delegates of the four countries also note that as a direct consequence of the last war the Latin-American economies have been afflicted with additional economic ailments which have greatly upset both their long-term planning and their efforts to achieve a smooth transition from war to peacetime economies. Amongst these ailments, some of them chronic, the principal are:

- (a) Serious and even crippling inflation;
- (b) Serious shortages of foreign exchange, capital goods, and consumer goods; likewise, serious deterioration and shortages of equipment;
- (c) Post-war imports have now to be paid for at world inflation prices.

III.

From their analysis of this background of serious economic maladjustments and the post-war ailments of the Latin-American economy, the major factors of which are outlined above, the delegates of Chile, Cuba, Peru, and Venezuela consider:

1. That the economic problems sketched above are common to some or all of the twenty Latin-American nations;
2. That the economic maladjustment of Latin America has been worsened by world wide economic dislocations arising out of the war;
3. That economic maladjustment in Latin America must have in the long run its inevitable reflection throughout the world economy;
4. The maintenance of world-wide conditions of stability and well-being will of necessity be delayed until Latin-American economy is

/put on a

put on a sounder basis;

5. No attempt to remedy Latin-American economic maladjustment can succeed unless it is based on a broad and co-ordinated policy of economic and social development which is to be directed towards raising the living standards of the Latin-American population, diversifying their economies, promoting their international trade, advancing their agricultural, industrial, trade and transportation, techniques, utilizing fully their natural resources, promoting inter and regional Latin-American trade, encouraging the formation, availability, and utilization of capital.

IV.

The four delegates do not, prior to further Committee discussion, desire to present formal terms of reference, but submit below a statement indicating the need for, and the scope and functions of, the proposed Economic Commission for Latin America in the hope that this may facilitate the ad hoc Committee's work.

The four delegates consider:

1. That as a consequence of the war dislocations of the world economy, and also of the economic, political and military effort made on behalf of the United Nations during the last war, the Latin-American nations as a whole find themselves suffering from a serious inflationary trend, together with considerable shortages of foreign exchange, consumer and capital goods;
2. That the above-mentioned ailments of the Latin-American economies are further complicated by the presence of the following major and continuing economic maladjustments:
 - (a) An underdeveloped, agricultural, non-industrial economy of low living standards;
 - (b) Extractive industries and/or one-crop productions, the capitals, controls, ownership and markets for which are largely to be found overseas;
 - (c) Largely underdeveloped techniques in public administration;
 - (d) An inadequate distribution of land ownership, complicated by the problem of absentee ownership and a large population which is rendered in the main, economically inactive;
 - (e) The economies of the Latin-American countries being competitive rather than complementary are weakened by their ensuing lack of regional integration;
3. That the economic problems sketched above are common to some or all of the twenty Latin-American nations, and that any attempt to remedy Latin-American economic maladjustments needs a co-ordinating
/and regional

and regional body which must aim at the raising of living standards, the industrialization and the diversification of the Latin-American economies, the intensification and better distribution of their international trade, a better and broader utilization of their natural resources, and the further development of industrial, agricultural, trading, transportation and communication techniques;

4. That the economic maladjustment of Latin America must have in the long run its inevitable reflection throughout the world, and consequently, the maintenance of world wide conditions of stability and well-being, including such urgent problems as relocation of displaced persons, will be delayed until Latin-American economy is put on a sounder basis;

5. Finally, the four delegates would recall that:

(a) The General Assembly during its present session has adopted the following statement of principles:

"With a view to the creation of conditions of stability and well-being to the promotion of social progress and better standards of life, taking account of the fact, well established by experience, that prosperity is indivisible and requires the co-operation of all Member States within the framework of the United Nations;"

and

(b) At its Fourth Session the Economic and Social Council, having in mind the need for economic reconstruction of devastated areas, established the Economic Commission for Europe and the Economic Commission for Asia and the Far East, with a view to the more rapid recovery of economic stability in these areas.

6. The four delegates consider that an Economic Commission for Latin America:

(1) (a) Should study, plan, adopt, and take part in the carrying out of measures necessary to facilitate common action designed to promote the economic development of Latin America, according to the principles contained in Part IV, paragraph 3, above. These measures, which cannot be implemented with respect to any particular country without consent of the Government of that country, will tend more particularly to promote the development of industry, agriculture, transport and communications, and trade; to improve the utilization of natural resources with a view to improving the living standards of the

population and to strengthening the world economy at large;

(b) Should arrange for such surveys, investigations and studies to be made of economic and technical problems as it may deem proper and participate in the same;

(c) Should collect or cause to be collected, disseminate and standardize or assist in standardizing economic, technical and statistical data and records in the form that it may deem proper;

(d) Should arrange for expert assistance, and exchange of techniques.

(2) Might address directly the States Members of the Commission, and members admitted in an advisory capacity, and the appropriate specialized agencies, those recommendations which it may deem proper on all questions concerning matters falling within its terms of reference.

(3) Should submit to the Council, for consideration, any proposals relating to its activities which may have serious repercussions on world economy as a whole.

(4) After consultation with the specialized agencies operating in the same field and with the approval of the Council, the Commission might create such subsidiary organizations as it may deem necessary to facilitate the performance of its work.

(5) Once a year the Commission should present to the Council a report on its activities and plans, including those of its subsidiary organizations, and present another report of a provisional nature at each session of the Council.

(6) Invite any Member of the United Nations organization, which is not a member of the Commission, to attend in an advisory capacity whenever a study is being made of any question of particular interest to that State.

(7) On the same terms the Commission would invite representatives of the Specialized Agencies and may invite representatives of any non-governmental institution to participate in discussions on matters of particular interest to those Specialized Agencies or institutions, in accordance with the practice of the Economic and Social Council.

(8) The Commission should take proper measures to maintain the necessary co-ordination with other organizations of the United Nations, with the Pan American Union, the Inter-American Economic and Social Council and the Inter-American system as a whole.

ANNEX II*

STATEMENT BY DR. ALBERTO LLERAS CAMARGO, DIRECTOR-GENERAL OF THE
PAN AMERICAN UNION, ON 22 JANUARY 1949

The presence of the Director-General of the Pan American Union at the meeting of the Ad Hoc Committee on the proposed Economic Commission for Latin America has no other aim than that he should attend the discussions of the Committee with the object of reporting upon them to the Inter-American Economic and Social Council, the views of which were expressed in the resolution which the Director-General transmitted to the Chairman of the Committee, Ambassador Stolk. It is not the Director-General's responsibility to negotiate or discuss the terms of eventual collaboration between the two organizations and neither his presence nor the statements he may make within the Committee are binding on the Inter-American Economic and Social Council in its views concerning possible forms of collaboration. Only this Council and the Governing Board of the Pan American Union are competent to determine the degree and form of co-operation of the Pan American Union with other technical bodies and other organizations.

From the discussions which preceded the resolution of the Inter-American Economic and Social Council it is clear that this body, keenly desirous of maintaining close bonds of co-operation between its work and that of the United Nations Economic and Social Council, as its own statutes prescribe, supports the immediate creation of the Economic Commission for Latin America but makes its support subject to one condition: that there shall be co-ordination between the work of the two organizations and the respective agencies. This does not mean, of course, that the United Nations Economic and Social Council may not act as it thinks best, nor that the Inter-American Council claims to interfere with the scope of its activities. No. But, as in the Economic and Social Council it was considered that the Ad Hoc Committee should take into account the viewpoints of some other bodies and organizations, among them the Pan American Union, the representatives of the American Governments who meet in the Inter-American Council, before giving their opinion, thought it fitting to consult their Governments - which are, moreover, the same American Governments as represented in the United Nations - to find out their opinion. It is to be assumed that the opinion expressed within the Inter-American Council, after the Governments have been consulted, will be that which prevails in the Economic and Social Council among those same Governments whose votes

* This document was originally issued as document E/AC.21/18.

must be considered decisive in creating the Commission and formulating the regulations which will control its functioning. When the Inter-American Council makes its vote in favour of creation of the Commission subject to the condition that good co-ordination should exist between it and the Inter-American Council itself, it simply means that if such co-ordination were not established, its opinion would be against the immediate creation of the Commission. Or, in other words, that the American Governments consulted by the Inter-American Council would probably vote in the Economic and Social Council, in February, in different ways, according to whether the Commission was to comply with the conditions which they suggested when consulted, or whether it would depart from them. Obviously therefore, in this special case, over and above the natural reasons which make it advisable that there should always be co-ordination between the two organizations, there is another and weightier reason: if, as it appears, the creation of the Commission depends on the interest taken in it in the United Nations Economic and Social Council by the American countries, the opinion expressed by their representatives in the Inter-American Council, after consulting their respective Governments, is of decisive importance with regard to the functions and resolutions of this Ad Hoc Committee.

The Inter-American Economic and Social Council, created prior to the United Nations Economic and Social, at the Mexico Conference, but precisely with the aim of collaborating more closely with that body, already provided for in the Dumbarton Oaks proposals, is not, as has been said during the present debates, a provisional organ. It is a permanent organ and if it depends on what is decided at the Bogota Conference, the reason is that every organ of the Inter-American System depends on the Inter-American Conferences, which are the constitutional bodies of our System. Its functions are well known. Its very statute, framed by the Governing Board, may be the object of future modifications tending to extend its functions, but not to limit them. The American Governments agreed, during recent consultations, that the Bogota Conference should not devote itself to framing the statute, but that the final elaboration of its statute and those of the other Councils to be created at the Bogota Conference should be left to the Governing Board. There is, therefore, not much doubt as to what is the present and future status of the Inter-American Council or as to its survival with the functions that it already fulfils. Moreover, the American Governments sought recently to extend these functions by entrusting to it the task of preparing the bases of Inter-American economic co-operation at the Rio de Janeiro Conference.

/Having

Having clarified these points, I should like to add that as I understand it, the concern of the American Governments, as expressed in the resolution of the Inter-American Council concerning the establishment of the Commission for Latin America, is to avoid any sterile repetition by this new body of the work which the Inter-American Council already does and with which it is entrusted. It appears that the majority of the American Governments do not consider it impossible to avoid duplication of work, though some, the minority, are of the opposite opinion. Moreover, most of the American Governments seem to agree that the Commission for Latin America would have a special function of its own which the Inter-American Council could not fulfil, as for instance, to establish clearly, after thorough investigation, what could be done to re-establish or establish the relations of economic co-operation between Latin America and the rest of the world, which have been almost all destroyed or seriously impaired by the war. As regards the relations of economic co-operation between the American countries, it seems to be understood that no one would wish to entrust the task of examining and fostering these to a new body, as that is, precisely, the normal function of the Inter-American Economic and Social Council.

In my opinion, the American Governments are well aware that the present problem does not consist in setting up a new body to do the work which an existing one was not doing to perfection. By adopting such a solution we should be making ourselves a prey to one of the most serious errors and dangers of international organizations: that of trying to solve every difficulty by setting up a new body. No American Government is contemplating depriving the Inter-American Economic and Social Council of a single one of its functions, nor is it contemplating abolishing so essential an organ of the Inter-American System. Of this I am quite certain, inasmuch as barely a month ago, when these Governments were consulted on the establishment of the new Councils of the Pan American Union and on the maintenance of the existing ones, they declared their desire to maintain it. It is entirely erroneous, therefore, to suppose that the American Governments, or in particular the Latin-American, are thinking that the Economic Commission for Latin America might take the place of the Inter-American Economic and Social Council. And we must also conclude that none of them imagined that, if these two bodies were to exist, they should both deal with precisely the same matters.

Naturally the terms of reference of the two bodies, as conceived in the statutes of the Inter-American Council and the provisional draft of those of the Commission for Latin America, are very wide, and have a

/certain vagueness

certain vagueness which inevitably leads them to overlap. On the other hand, in the preliminary report on this Commission, areas of differentiation are established which do not appear later with sufficient emphasis in the conclusions of the report. For instance: the provisional nature of the Commission for Latin America, with its immediate, urgent and limited task; the emphasis on its activity in the field of Latin America's economic relations with the rest of the world; or the examination of specific subjects, such as immigration² which could be better studied and perhaps even solved with the co-operation of the countries from which immigrants would come. But even so I think that some efficient means should be arranged to prevent any possible duplication of work now and in the future. I think too that if such means are not established, duplication will be inevitable, and the American Governments will end by losing interest in the work and investigations of one or other of the two bodies, or both, if they discover that both are working on the same lines and asking their co-operation for the same purposes.

As will be seen from the proposal by the Inter-American Council, the suggestion which expresses the feelings of the American Governments is to preserve the Inter-American System and allow it to continue its regional work, retaining its independence and sphere of authority. All these governments are loyal and enthusiastic members of the United Nations, but they reached the conclusion, not recently but already at Chapultepec, that these two bodies are not incompatible and that there is no unnecessary duplication between them. On the surface one might think that, concerning the creation of the Commission for Latin America, the American Governments would say that one cannot have too much of a good thing and that therefore a new body on the same lines as the existing one could not do any harm. Not so. They know very well that the American peoples and Congresses are constantly anxious to prevent any excessive increase in the cost of international organizations, with resulting obligations which might in the end become too heavy, especially for the large majority of the Latin-American Governments which have not unlimited resources at their disposal for their international work. The first signs of this anxiety are already visible in the constant concern to avoid duplication of effort. Later it may take other forms, like the reaction against the excessive bureaucracy which contributed so seriously to undermining the prestige of the League of Nations. And finally when prestige is undermined, reaction operates against the organizations themselves. Therefore, although the governments themselves do not daily demonstrate /their concern

their concern in this respect, it is wise for international organizations to keep a very strict watch on their own activities in order to ensure that they are economic, effective and handsomely repay the financial efforts which they impose upon governments. In this sphere therefore, too much of a good thing is indeed harmful, and seriously so.

I think I interpret correctly the view of the Inter-American Economic and Social Council and accordingly that of the Governments which expressed themselves through it in the resolution in question, when I say that the Commission for Latin America ought from the outset to guard against any later deviation which would cause it to duplicate the functions of other international bodies. Its establishment ought to be conditioned by such a safeguard. I do not think this will be difficult if machinery for the consideration and solution of all problems of duplication which may arise, is set up at the beginning and if its use is compulsory. I do not propose to suggest any concrete formula, for to do so would be to enter the province of the Economic and Social Council's relations with the Pan American Union and is outside the purely informative capacity of my presence with the Commission today.

ANNEX III*

REVIEW OF ECONOMIC CONDITIONS THROUGHOUT
LATIN AMERICA

Report Prepared by the Secretariat

Note: This paper has been prepared by the Department of Economic Affairs for the ad hoc Committee on the Proposed Economic Commission for Latin America. It does not purport to be a comprehensive review.

Certain current economic problems could not be dealt with for lack of recent and reliable data; others have been discussed summarily or omitted as being matters not directly relevant to the Committee's inquiries. The separate studies presented to the Committee deal more exhaustively with certain aspects of current economic problems and with activity relating to economic development in certain countries.

* This annex was originally issued as document E/AC.21/W.4.

REVIEW OF ECONOMIC CONDITIONS THROUGHOUT LATIN AMERICA

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REVIEW OF ECONOMIC CONDITIONS THROUGHOUT LATIN AMERICA

SECTION ONE

INTRODUCTION

This brief survey of economic conditions and problems in the countries of Latin America is designed to provide a factual background for the discussion of economic questions by the ad hoc Committee on the Proposed Economic Commission for Latin America.

The survey covers, necessarily in the broadest terms, economic activities and conditions throughout the twenty Latin-American Republics. It will be at once evident that there are among these countries wide divergencies and a significant independence of action. In spite of such differences these countries are now confronted with a range of almost identical problems, tend to seek similar solutions, and in doing so encounter roughly the same difficulties and obstacles.

This important identity of interests and objectives emerges as a more striking element than the fact that each economy considered separately has its own distinctive characteristics.

The survey seeks to focus attention on these common aspects and problems of Latin America relevant to its role in the world economy.

An indication of the magnitude of the subject covered in the following pages is revealed by the population and area of the region.* The twenty Republics of Latin America have a total population exceeding 150 million and cover an area of more than 7.8 million square miles - i.e. double the size of the United States. Extending from the temperate zone in the Northern Hemisphere to sub-polar regions in the Southern, this enormous land mass displays every type of natural feature from the highest mountains, ranging through tropical jungle and rich, rolling plains to sandy desert.

Latin America's natural endowments, its agricultural riches, its abundance of raw materials, underscore its lack of economic development. A particular obstacle to development has been Latin America's physiographical structure. The communication systems are still most inadequate. Latin America's navigable rivers are not fully utilized, and the roads and railroads which have been constructed generally at a high cost only go a small way to meet needs.

* Table 3 on page 67 sets out population and miscellaneous economic data for the twenty Latin-American Republics.

The relative economic isolation of the twenty republics from one another stems directly from Spanish and Portuguese economic policy which restricted colonial trade to the mother country exclusively. Geographical factors, and in later years, the lack of Latin-American merchant shipping has also impeded the development of economic ties between the republics.

Perhaps the most important feature of the Latin-American economy is the direct dependence of about two-thirds of the population on agriculture including pastoral industries, part engaged in production for export but the majority in subsistence agriculture. It should be emphasized that with a few striking exceptions agriculture is extremely backward and, in general, completely lacks modern tools and techniques. Following this, the next most important feature is mining, not because of the population which it supports, for this is extremely small, but because this one activity alone contributes about forty per cent of total exports.

The structure, extent and type of industry in Latin America varies greatly from one country to another. Thus, Central America is virtually without industry, while countries like Argentina, Brazil, Mexico, Chile, Uruguay and Cuba, have now achieved some degree of industrialization. The process of industrialization in these countries began during the first World War but was greatly stimulated in the early 1930's, and they can now be said to be approaching an intermediate state of industrial evolution. In several of the larger countries, factory production has come to represent a significant proportion of the national output. However, the most important industries are those processing or converting domestic raw materials (e.g. meat-packing, sugar and flour milling, textiles and metal refining industries).

Among the factors which have retarded economic development, especially industrialization, is the lack of coal. Coal is found in only a small part of Latin America and is not plentiful. This has hindered the establishment of heavy industries. By way of compensation, however, oil is found, in some countries, in abundance, and there are vast potential resources of hydro-electric power.

Latin America is on balance a net exporter of foodstuffs although many individual countries remain substantial food importers; the more industrialized countries have achieved self-sufficiency in respect of basic consumer goods, but in some cases this is dependent on imports of raw materials and semi-manufactured goods.

An important factor in the consideration of the Latin-American economic scene is the special significance of exports in the general economy of all the twenty republics, although exports in most cases are limited to but a few materials. This factor, especially if considered in conjunction with the lack of diversification in the economies, makes them particularly
/vulnerable

vulnerable to external fluctuations. That this is so is not surprising since exports are mostly of raw materials and foodstuffs.

Latin America has experienced great difficulty in the past because of this vulnerability. In this regard it is sufficient to recall the disastrous impact of the last great economic depression on the Latin-American countries. Also to be noted are the effects of the development and expansion of synthetic nitrates on the Chilean economy,* and the effect of the cultivation of rubber in Southeast Asia on the Brazilian economy. From a position of sole world supplier, Chile today provides only ten per cent of world nitrate production, while Brazil provides less than two per cent of rubber production.

From the above, therefore, it is clear that Latin America still presents many of the characteristics of an economy in the early developmental stages.** It has many of the ailments common to economies at these stages, such as lack of capital, shortages of technicians and skilled labour, and excessive dependence in these respects on foreign assistance. It has, too, many problems because of the similarity of its members' basic export products which necessarily results in a low level of intra-Latin-American trade.

These economic maladjustments have their inevitable reflection in living conditions which, with some exceptions, are backward throughout Latin America. While it is not the object of this paper to discuss these matters, no survey of Latin America would be complete without some mention of these problems.

Notwithstanding the importance of food production, large sections of the population suffer from malnutrition. A recent FAO report indicated that Central America was, with Asia, the highest food-deficit area in the world. Poor health is a normal condition of most of the population. Statistics reveal some aspects of this. Tuberculosis mortality (per 100,000 people in 1935-40) ranged from 110 in Buenos Aires to 693 in Guayaquil. The average for thirteen selected Latin-American cities was 323. Infant mortality figures are high, ranging from ninety-three (per 1000 live births) in Uruguay to 160 in Chile. The average for ten selected countries is 123.

It should be kept in mind that throughout Latin America there is a total lack of reliable or comprehensive statistics and economic data. (Some countries have only had one census while others have not even had one). There is also a lack of exact data as to natural resources. In many

* For many years the nitrate industry was the most important in Chile. The export duty furnished the government with more than fifty per cent of its revenue.

** The calculated per capita national income (U.S.\$) in 1946 for Latin America's four most industrialized countries was, Argentina \$297; Chile \$134; Brazil \$84; and Mexico \$66.

countries there has been no scientific study of the methods of cultivation. There are still too few institutions organized to remedy these defects. However, it should be noted that in recent years, especially after 1930, most of the Latin-American countries began to give careful study to their economic problems. Noticeable has been the emergence of a strong tendency towards economic development fostered and encouraged by governments. Thus recent years have witnessed a series of long-term plans, especially for industrialization and diversification and the establishment in many countries of government Economic Councils and Development Corporations such as those in Chile, Colombia, and Venezuela.

SECTION TWO

AGRICULTURE

It has been estimated that about two-thirds of the population is directly dependent on the soil. In Argentina, Uruguay and Chile, less than forty per cent of the population are engaged in agriculture, but in some of the Central American republics the percentage rises to more than ninety per cent. In general, agriculture is exceedingly backward and the application of modern techniques, with certain exceptions, has been limited. Latin America is on balance a net exporter of foods, many of which play an important part in world trade. It is noteworthy, however, that a number of countries, even some with substantial food exports are food importers. This is true of Brazil and a number of Central American republics which import wheat. Venezuela and Chile also import food. The principal foodstuffs exported to the world are coffee, foodgrains, meat, sugar, bananas and other tropical products.

In considering agriculture in Latin America it is important to draw a distinction between agricultural production for the "market", both internal and for export, and subsistence agriculture. Agricultural production for the export market is the more efficient, in many cases using modern methods and considerably more machinery. Even in countries where agricultural exports constitute a sizeable part of total exports, considerably less of the arable land is utilized for this purpose than for production for the internal market. This latter type of agriculture - frequently still primitive - employs a far greater percentage of the population than that engaged in production for export.

Another important characteristic of agriculture is the pattern of distribution of land ownership, especially of "latifundia", accompanied by peonage and low wages. Thus, in Argentina about one-fifth of the arable land is owned by 2,000 individuals or corporations. Less than two per cent of Chile's 188,000 properties account for half of total production. In Cuba, about one-half of the arable land is owned by large corporations. This pattern of land ownership is common throughout most of Latin America. There are exceptions such as parts of the Dominican Republic, parts of Mexico, Haiti, Costa Rica, El Salvador and certain parts of Chile.

At the other end of the land distribution problem is that of the small holdings. While small holdings are not in themselves necessarily bad, against a background of primitive methods, lack of tools and fertilizers, and absence of any substantial co-operative development, they have been an important factor in continuing low productivity and have often resulted in serious and rapid depletion of the quality of soils.

Chief amongst the reasons for the backwardness of agriculture throughout
/most parts

most parts of Latin America is the lack of scientific methods, fertilizer, mechanization, irrigation development, soil conservation, and efficient distribution. In some countries, too, there is always a serious shortage of labour. Finally, there is the universal problem of under-developed transportation systems, the effects of which are felt throughout the whole of the Latin-American economy.

That many Latin-American governments are deeply aware of the backwardness of their agriculture is evidenced by the large number of plans for agricultural development. Common to all of these plans is the objective of diversification and of increasing productivity by the application of the latest and most suitable agricultural techniques, with a particular stress on mechanization; a number of governments have also embarked on large-scale irrigation projects. In some countries, for example, certain Central American republics, the stress is on securing a wider availability of basic tools, such as machetes, since mechanization remains an ambition which cannot be satisfied given the existing systems of cultivation, land ownership and level of technical knowledge.

SECTION THREE

EXTRACTIVE INDUSTRIES

(a) Mining

Most of the minerals used in modern industry - iron, copper, tin, manganese, vanadium, molybdenum, tungsten, lead and zinc, quartz, mica and many non-metallic minerals - are produced or found in Latin America. The important exception is coal which occurs in only a limited number of places. Indeed, the importance of mining in Latin America, not only to local economy but to the world economy, is evident from the fact that Latin America produces about one-third of the world's tin, one-third of the world's silver, one-fourth of the copper, and one-seventh of the petroleum.

Exports consist mostly of ores, concentrates or refined metals in non-manufactured state. In spite of its mineral wealth Latin America still relies on imports for most of its semi-finished and finished metal requirements. The establishing of iron and steel industries, and in Chile, a copper industry, will tend to diminish this dependence. About forty per cent of the total value of Latin-American exports consists of mineral products. In the case of Bolivia, the figure rises to eighty-six per cent (mostly tin) and in Chile eighty per cent (mostly copper and nitrate).

A factor of special significance is that despite the importance of mining in Latin America, less than five per cent of the population is directly engaged in mining and metallurgical activities. This is due to the high degree of mechanization achieved in mining by comparison with other industries. A noticeable characteristic of the mining industry is the predominance of foreign capital which it is held has resulted in the transfer abroad of a substantial percentage of national income without commensurate return. Common to mineral exploitation throughout most of the twenty republics is excessively difficult transportation and the lack of fuels. These problems have seriously retarded mining development. Comprehensive mineralogical surveys of vast areas of Latin America have never been made, but it is believed that reserves of most minerals are large. Brazil is said to possess the largest reserves of iron ore in the world, and iron ore is found or exploited in other parts of Latin America, especially in Mexico, Chile, Peru, Colombia and Venezuela. Brazil is an important source of industrial diamonds. Chile is the only producer of natural nitrate in the world, but since the development and experience of the synthetic nitrate industry, this country now only accounts for ten per cent of world production.

/(b) Forestry

(b) Forestry

Latin America has been described by a recent report of the Food and Agriculture Organization as the "greatest wood surplus region on the face of the earth". About thirty-nine per cent of its land area is forest land, the greater part of which is still virgin forest. Vast areas of forest land have not yet been explored. Notwithstanding Latin America's timber resources in the past lumber imports have greatly exceeded lumber exports. There are a number of reasons for this paradox, the most important being inadequate transportation. Much of the timber is located in the interior or in inaccessible regions. There is also a general shortage of labour, and there is the reluctance of capital to flow into a field about which precise knowledge is lacking, especially as to the commercial possibilities of many species of trees.

In the export trade, Brazil plays the most important role, the main timber being pine. Chile is also an exporter of timber (rauli and laurel) and the Central American countries export mahogany and other hard woods. Although Brazil was the original home of the rubber tree, it now produces less than two per cent of world rubber. Argentine and Paraguay have a world monopoly of quebracho, a forestry product of great importance in the tanning industry.

Latin-American countries are big importers of paper and wood pulp. Brazil however produces a substantial part of its requirements, and Mexico, Chile and Argentina are increasing their production.

(c) Fisheries

The seas surrounding the Latin-American countries are regarded as being amongst the world's richest in fish resources. However, although these resources have been fairly adequately surveyed, their development has been limited because of a general lack of modern industrial methods for handling fish and because of the absence of a developed transportation and distribution system. This has resulted in the consumption of saltwater fish being limited to populations living on the seaboard.

In the developmental programmes of various Latin-American governments, some attention has been given to the development of fishery resources, not only as a means of increasing income but also in order to increase food production and improve diet. Although some modern methods have been introduced and some modern plants established for the catching, freezing, processing and drying of fish, progress to date has not been great.

SECTION FOUR

MANUFACTURING INDUSTRIES

The development of manufacturing industries in Latin America has been uneven. In a number of countries, especially those of Central America, there has been virtually no industrialization. In Peru and Venezuela industrial development is only now beginning. Although Cuba has a large sugar milling industry, in other respects there has been little development of manufacturing. On the other hand, in Argentina, Brazil, Chile, Colombia and Mexico substantial progress has been made. The fostering of industrialization has been given special consideration in the economic development plans of many governments.

Heavy industries have so far achieved only a very limited growth, and even the more industrialized countries, such as Brazil, Chile, and Mexico, although well endowed with minerals lag far behind small industrialized nations such as Australia and Canada.

In the development of heavy industry, the iron and steel industry to date has only gained importance in Mexico and Brazil and to a lesser extent in Chile, in Peru, Colombia and Argentina some development is contemplated. Preceding the development of the iron and steel industries, there was some small-scale production of heavy industry products such as rolling stock for railroads and city traction systems. Machine shops in a number of countries produce equipment and tools for mines, and automobiles are assembled in a number of countries.

Portland cement is produced in many countries. This has been of special importance in recent years as a number of countries have experienced a building boom. This has been particularly true of South America where there has been a great expansion of residential building.

While the heavy chemicals industry has but recently developed, some of the basic heavy chemicals are produced in the most industrialized countries. In recent years, the metallurgical and chemical industries have begun to play a more important part in the manufacturing picture.

Characteristic of the development of industry in Latin America is the emphasis on light industry. The most important light industries are in the food and textile fields. These two industries between them employ about fifty per cent of all industrial workers and account for fifty per cent of total manufactures.

In general, manufacturing industries can be divided into two main categories. There are those processing domestic raw materials for export, and there are those producing consumers goods for the domestic market, many of which are given special protection by governmental action such as tariffs and subsidies. In this latter category, the most important industries are cotton
/and woollen

and woollen textiles, rayon, clothing and footwear, furniture, glassware, pottery and porcelain, paper products, tires and tubes, pharmaceuticals and some light chemicals. In addition, some plastics industries have been established, but these rely on imports of their basic materials. The Latin-American industrialized countries are almost self-sufficient in basic consumer goods, but in some cases the industries producing these goods depend on imports of raw materials or semi-processed goods.

One aspect of manufacturing industries which should not be overlooked is that industrial establishments are generally very small. Thus of Argentina's 57,957 factories, about fifty per cent in 1941 employed on an average less than six workers. In many industrial plants - with certain notable exceptions - there has been very little application of modern technology.

SECTION FIVE

FACTORS OF INDUSTRIALIZATION

(a) Raw Materials

In addition to the list of minerals set out earlier in the section on mining it can be seen that most of the basic raw materials for industrialization such as agricultural and livestock products, and raw materials for the production of vegetable oils, fibres, and waxes are found in Latin America. The chief exception is coal which to date has been found in Chile, Brazil, Peru and Colombia. Even in these countries, it is not of the best quality or is not very plentiful. Iron ore is plentiful although, as indicated elsewhere, is not evenly distributed throughout the twenty republics.

(b) Power

Although Latin America is poor in coal resources, it does possess oil, in some places in abundance, accounting at present for about fifteen per cent of world production; the principal sources are Venezuela, and to a lesser degree Mexico, Colombia, Peru and Ecuador. There is some small production in Argentina and exploitation is beginning in Brazil, Chile and Paraguay.

Many Latin-American countries have large unexploited sources of hydro-electric power. The most important are Brazil, and the republics along the Andes, such as Chile, Colombia and Bolivia. Central America has good possibilities for hydro-electric installations, e.g. Lempa River in El Salvador. Mexico has substantial potential hydro-electric resources but with plentiful supplies of oil has not been under the same pressure to develop hydro-electric power as less richly endowed countries.

Chile and Uruguay have programmes for the complete electrification of certain of their public utilities, industries and railroads. Mexico, Brazil, Peru and Colombia have plans for large hydro-electric power developments.

The hydro-electric power potential of Latin America has been calculated as three times that of the United States. However, to date only 2,000,000 of its 80,000,000 kilowatt potential has been developed.

(c) Capital

One of the greatest problems of Latin-American industrialization is the lack of capital. In the economies of these countries, savings are small and have flowed into such fields as agriculture and building rather than into large scale industrialization. Foreign capital has participated greatly in the economic life of Latin America, especially North American and British capital. Favoured fields were mining and utilities; portfolio investments were substantial. The League of Nations estimated that in 1939 British long /term investments

term investments amounted to \$4,500 million and United States to \$4,000 million. Since this date there has been a change in the relative positions of the two countries. It is believed that British investments now amount to about \$3,500 million and United States to about \$4,500 million.

In many instances, governments have provided capital which sometimes has had an inflationary effect. In addition, foreign loans have been obtained, such as those from the United States Export-Import Bank.

(d) Labour

Latin America in general suffers from a scarcity of labour. Although its overall area is large, for vast regions its population density is very low and large sections of every country often live in inaccessible regions, beyond the influence of the economy of the "market".

If the population is small in relation to area, the problem is even more aggravated by the shortage of skilled labour, even in the most industrialized countries. Especially important is the scarcity of technicians. Latin America has too few vocational schools and these tend to be concentrated in a few countries. The number of technicians trained abroad is negligible. In the past, Latin America has depended much on foreign technical skill for the operation of her more important industries. It should be noted too that the productivity of workers is lower than in Europe or North America. This is due in large measure to lack of mechanization, and to poor living conditions, diet, hygiene and housing. Illiteracy is also an important factor. Illiteracy ranges from twelve per cent in Argentina to a maximum of eighty-two per cent in Honduras. In fifteen republics the range is between fifty and eighty per cent.

(e) Governmental Action

Governmental action to encourage and stimulate manufacturing industries in Latin America has been an important factor in the progress realized in this field in recent years.* There are a number of common elements in this type of government action. For example, it is generally regarded as the province of the government to create a favourable "economic climate" for development, and also to organize or undertake what amounts to an inventory of the country's economic resources, actual and potential. In general, too, governments do not attempt to supplant private initiative but to complement it, and even to assist it with capital, technical knowledge and skilled labour, or encourage it by favourable concessions.

* This subject is treated in some detail in a Report prepared by the Secretariat on Economic Development in Selected Countries which will shortly be available for the members of the ad hoc Committee.

The importance given by governments in recent years to economic development can be seen in the creation of the "Economic Councils" which exist today in Mexico, Brazil, Chile, Colombia, Uruguay, El Salvador, Venezuela, Bolivia and Guatemala, and in the long-term plans formulated by Argentina, Mexico and Colombia.

Direct state action in industrial development is effected in Latin America in various ways:

- (i) Through organizations such as the "Development Corporation" usually formed in connection with large-scale plans, provided with public funds enabling them to undertake enterprises on their own account, or to participate in private enterprises. They also have access to foreign capital. The most important of these organizations are in Chile, Colombia and Venezuela, created in 1939, 1940 and 1946 respectively. In this category can also be included the Peruvian corporations of the Santo and of the Amazon and, although they possess certain special characteristics, those of Bolivia, Ecuador and Haiti.
- (ii) Through joint private and government enterprises, as in Brazil and Argentina.
- (iii) Through autonomous organizations, or state enterprises administered independently. This system has been employed in Uruguay, the state reserving for itself a monopoly of certain industries, such as meat packing, oil refining, alcohol and cement, not only as a means of raising revenue but also to ensure that certain staple commodities are available to the population at low prices.

The state has also intervened indirectly in industrial development through protective measures (customs duties, import controls, and tax exemptions) and by special industrial credit facilities. It must, however, be noted that these organizations have not been widely developed, and that in some countries, such as those of Central America, they are practically non-existent.

SECTION SIX

CURRENT PROBLEMS AFFECTING LATIN AMERICAN INDUSTRIAL PRODUCTION

World War II affected the economies of Latin America in a number of different ways. Now the war forced changes in the pattern of its foreign trade and generated serious inflationary pressures will be shown in a later section. Some important effects on industry are mentioned here as they have complicated the transition from a war to a peacetime economy.

To meet wartime needs, both abroad and domestically, many industries were over-extended or operated on a twenty-four hour basis. This took place at a time and in circumstances which made it impossible to acquire new machinery or spares. A direct consequence was the premature wearing out of equipment and machinery which has now to be replaced. This problem is reported to be particularly acute in Argentina, Brazil, Mexico and Chile. The seriousness of the problem is revealed by a 1944 estimate of a United States Government agency that replacement would cost about \$2,800 million.

The cutting off of supplies from overseas forced the development of certain industries which in more normal times would have been economically unsound, e.g. production of certain chemicals, precision instruments and equipment, and parts for diesel engines. This type of production was carried on regardless of cost. Now that the supply situation is easing, some of these industries can no longer subsist.

Perhaps a more serious effect of the war was its interruption of plans for industrialization, caused mainly by an inability to obtain machinery contracted for but not delivered. Hardest hit were electrification plans, many of them of great scope and extremely vital in view of the lack of coal and oil in many countries. The expansion of hydro-electric power production was to have been the basis of a number of new industries, especially in Chile and Uruguay. At the end of the war many developmental plans had to be made over and machinery had then to be acquired at greatly increased cost. Finally, it should be noted that many countries were forced to procure quantities of old used equipment with which their industries will have to operate for some time.

SECTION SEVEN

INTERNATIONAL TRADE

Some of the most typical characteristics of the Latin-American economy reveal themselves in its international economic relations. Throughout the twenty republics exports consist almost entirely of minerals and agricultural products. In recent years there has been an increase in the percentage of those exports which are semi-manufactured, or in the case of foodstuffs processed and ready for consumption. Finished manufactures constitute a relatively insignificant part of total exports. Imports on the other hand consist mainly of manufactured goods. These are the earmarks of what is generally regarded as a semi-colonial economy. Foreign trade, in fact, therefore plays as important a part in the Latin-American economy as in the economies of far more economically developed countries.

For the present purpose the foreign trade of Latin America is considered as an aggregate. However, it should be borne in mind that such treatment is an oversimplification and may result in error. There are substantial variations between different regions, and indeed some of these special conditions in individual countries have been indicated in this paper.

In the immediate pre-war period the United States and Europe supplied Latin America with most of its imports - mainly manufactured goods, and provided the market for the bulk of Latin America's exports - mostly minerals and agricultural products. The United Kingdom and Continental Europe alone accounted for forty-five per cent of both imports and exports. However, it should be noted that the share of Argentina, Brazil, Chile, and Venezuela, Uruguay and Bolivia in this trade was disproportionally larger. The United States accounted for about thirty-three per cent of trade, while trade between the Latin-American republics was relatively unimportant.

A major effect of the war on the foreign trade of Latin America was to cut off or substantially reduce trade with the United Kingdom and Continental Europe. The re-adjustment took two main forms - one was an increase in trade between the Latin-American countries, imports from within the area increasing from ten per cent of total imports in the immediate pre-war period to twenty-seven per cent in 1944. The other and more noticeable form was the substantial improvement in the position of the United States in the foreign trade of the twenty republics. By 1944 the United States was supplying about sixty per cent of Latin-America's imports
/and taking

and taking about fifty per cent of exports. In the case of some countries the figures were even higher, e.g. eighty-one per cent of Cuba's imports, and eighty-nine per cent of her exports. The share of Latin America in United States exports also increased, rising from sixteen per cent of total United States exports in 1936-1938 to thirty-nine per cent in 1945. The transition from war to peace has revealed no drop in the values of imports or exports, but a constant increase.

It is only when the composition of exports is studied that the vulnerability of the Latin-American economies is revealed. A characteristic of these exports is the relatively small number of products which make up the total, and the dependence of most countries on the export of only a few products. Thus coffee, bananas, sugar, cotton, cocoa, and tobacco accounted for almost all of the exports of agricultural Central America, while about ninety per cent of Venezuela's exports consisted of mineral oils, seventy per cent of Bolivia's tin, and eighty per cent of Chile's copper and nitrate.*

Most of these products are produced in the main solely for export. Should export markets fail, these products could not be used locally as the Latin-American economies could not absorb them in such quantities. This vulnerability to export demand is highlighted by experience during the depression years 1929-1932 when the total value of Latin American exports fell by 64.3 per cent. Lack of diversification within the economies provided no cushion to absorb any of the shock.

It will be evident therefore that for the maintenance of prosperity in such Latin-American countries, where exports represent a substantial percentage of total national income, the maintenance of exports is as vital as the maintenance in the more economically developed countries of the level of investment. Exports form what has been called the "crucial sector" of the Latin-American economy. Thus, the well-being of the Latin-American economies is in present circumstances, dependent on conditions and policies outside their control. Being in an important degree competitive in this respect they are less able to defend themselves in such circumstances.

The wartime changes in Latin-American trade noted above, have increased this vulnerability, for any fluctuations in the American economy will necessarily have an immediate reflection, more or less

* It should be noted that the price of exported primary products tends to fall faster than the price of imported manufactured goods.

severe throughout all the countries of Latin America. An illustration of this is already available. During and immediately after the war the Latin-American countries accumulated substantial dollar reserves as a result of a favourable balance of trade with the United States. In the second half of 1946 Latin-American imports from the United States began to increase considerably. This trend continued so that in the first half of 1947 imports from the United States amounted to \$1,241 million which was almost double the value of exports to the United States i.e. \$628 million. As a result of this development the accumulated reserves are now being rapidly depleted. Indeed, a number of countries have completely exhausted their reserves and are now facing a serious dollar shortage. Others have had to institute strict exchange and import controls to conserve their dollar exchange.

These exchange losses are due to several developments. Until exchange controls were enforced, a large part of these reserves were used up in luxury or non-essential imports. It should be noted however that the replacement of worn-out machinery and the acquisition of new equipment and machinery accounted to a large extent for the increase in imports. Another factor which has had and continues to have a serious effect on the Latin-American economies is the substantial increase in prices in the United States, especially since the relinquishing of most price controls in mid-1946. The expectation that the accumulated reserves were large enough to play a major role in tiding the Latin-American countries over a difficult transition period was in large measure destroyed by rapid rises in the prices of imports from the United States. By mid-1947 the Wholesale Price Index for manufactured goods in the United States had risen more than seventy-five per cent since August 1939. This, plus price rises in all other fields, severely contracted the purchasing power of dollar reserves. However, it should be noted that although the cutting off of overseas supplies was an important factor in the accumulation of foreign exchange reserves, rising world prices also contributed to the expansion of these reserves. While on balance the terms of trade were probably moving to Latin America's disadvantage, this aspect of the problem should not be overlooked.

In addition to reserves of United States dollars, the Latin-American countries accumulated substantial sums of sterling and other inconvertible currency. These reserves have been drawn on for the redemption of foreign debts and obligations e.g. Argentina's redemption of foreign owned utilities.

SECTION EIGHT

INFLATION IN LATIN AMERICA*

All Latin-American countries have suffered to a greater or lesser degree from internal inflation caused by a considerable rise in the value of exports accompanied by a reduction in the volume of imports. Indeed, it might be said that inflation is the most serious of the ailments currently affecting the Latin-American economies. The magnitude of the inflation is revealed in the Cost-of-Living Index for twelve Latin-American countries set out in Table 1, but it should be noted that the indices are recognized (even officially in many cases) to understate the degree of inflation.

The principal elements causing the inflationary pressure were the increased wartime and post-war demands of the United States for Latin-American agricultural and mineral products, United States military expenditures in Latin America, development expenditures, budget deficits, an increase by foreign companies in investment in export industries, and what in some countries amounted to a building boom.

The table which follows shows what this pressure did to force up prices. This was followed later by a rise in wages, putting further pressure on the limited quantity of goods available and further forcing prices up. Measures to curb inflation were largely ineffective. It is true there were and are price controls, but the lack of an effective rationing system for consumption goods rendered them largely meaningless.

The inflation continues, for the flow of imports especially of consumers' goods since the end of the war has been insufficient to meet more than a part of demand. Further factors accounting for the continuance of inflation are the expansion of developmental projects by a number of countries and delayed demand for both investment and consumption goods. Table 2 is a further indication of the inflationary pressure.

* This brief account of inflationary tendencies in Latin America is based on the Secretariat Paper "Survey of Current Inflationary Tendencies in Latin America", which has already been made available to the members of the ad hoc Committee.

Table 1

INDEX OF COST OF LIVING

Country	1944	1945	1946	1947
	(1937 = 100)			
Bolivia	470	496	533	619 <u>2/</u>
Chile (Santiago)	224	244	283	383 <u>4/</u>
Mexico (Mexico City; food, clothing, domestic help)	230	247	308	343 <u>3/</u>
Paraguay (food and clothing in Asunción; 1938=100)	193	214	236	275 <u>1/</u>
Cuba (food prices only)	172	194	(10 208 mo. ave)	---
Brazil (Rio de Janeiro)	170	197	222	---
Perú (Lima)	163	182	199	253 <u>4/</u>
Costa Rica (San José)	167	177	184	212 <u>4/</u>
Argentina (Buenos Aires)	113	135	159	177 <u>3/</u>
Colombia (Bogotá)	170	189	207	251 <u>4/</u>
Uruguay (Montevideo)	121	139	153	170 <u>2/</u>
Venezuela (Caracas, cost of food, coal and soap)	141	141	150	171 <u>3/</u>
<hr/>				
Australia	129	129	131	134 <u>5/</u>

1/ February2/ March3/ June4/ July5/ Ave. April-May-JuneSource: United Nations Monthly Bulletin of Statistics, September 1947

/Table 2

Table 2

INDEX OF NOTES IN CIRCULATION AND BANK DEPOSITS

(1937 = 100)

Country	Notes in circulation		Bank Deposits	
	1946	1947 ^{1/}	1946	1947 ^{1/}
Argentina	353.5	366.1	259.1	283.4
Bolivia	667.9	669	480.3	482.1
Brazil	445.7	443.5	524.7	549.3
Chile	501	507.6	309.2	347.3
Colombia	490.6	450.9	480.2	456.8
Mexico	628.6	587.5	819.6	819.3
Peru	624	628.1	510.9	505.9
Uruguay	235.2	230.1	241.7	245.7
Venezuela	455	455.9	---	---

^{1/} 1947 figures are the latest available for each country, but are in no case later than May.

Source: United Nations Monthly Bulletin of Statistics

/Table 3

Table 3

TABULAR GUIDE TO ECONOMIC CONDITIONS IN LATIN AMERICA

Country 1/	Population 1/		Automotive vehicles 2/	Radio sets in use 3/	Tele-phones 4/	Railway mileage 5/	Road mile-age 5/	Total imports value (1,000 dollars) 6/	Per capita imports	Total exports value (1,000 dollars) 6/	Per capita exports
	Year	Number									
Argentina	1942	13,709,238	309,500	1,050,000	460,857	25,358	253,115	301,881	\$23.48	436,133	\$30.19
Bolivia	1942	3,533,900	5,745	40,000	2,621	1,407	10,154	27,979	7.91	63,201	17.88
Brazil	1942	43,550,000	174,000	500,000	290,910	21,253	142,294	275,700	6.33	336,400	7.72
Chile	1943	5,229,367	50,269	200,000	90,943	5,182	22,613	108,254	20.70	161,068	30.80
Colombia	1942	9,523,200	35,434	166,000	42,233	2,045	14,336	96,903	10.17	100,396	10.54
Costa Rica	1941	672,043	3,945	22,000	4,048	188	405	17,798	26.48	10,230	15.22
Cuba	1943	4,778,583	48,324	175,000	68,232	11,594	2,214	133,890	31.67	211,506	50.03
Dominican Republic	1941	1,654,993	2,894	7,000	2,400	762	3,180	11,739	7.09	17,124	10.34
Ecuador	1943	3,112,137	3,903	6,800	7,600	800	3,311	8,400	2.79	13,300	4.42
El Salvador	1942	1,862,980	3,411	10,500	3,744	384	3,709	8,331	4.47	11,204	6.01
Guatemala	1942	3,410,762	4,824	22,000	3,800	705	3,786	13,416	3.93	12,785	3.75
Haiti	1941	3,000,000	2,485	3,000	2,900	150	1,754	7,431	2.48	6,557	2.21
Honduras	1942	1,154,388	1,569	16,000	1,916	661	693	10,255	8.88	10,119	8.76
Mexico	1941	20,208,163	105,470	350,000	178,726	12,741	56,923	188,294	9.32	150,106	7.43
Nicaragua	1941	1,013,946	907	4,000	1,509	289	1,550	10,438	10.29	11,931	11.76
Panama	1940	631,637	7/15,171	32,000	7,000	7/380	7/870	32,504	7/51.46	4,283	6.78
Paraguay	1940	1,014,773	1,428	12,500	3,800	1,043	3,759	6,562	6.46	8,147	8.02
Peru	1943	7,395,687	24,554	70,000	35,151	2,345	16,559	55,050	7.44	76,015	10.28
Uruguay	1941	2,185,626	45,765	150,000	46,656	1,875	2,487	63,135	28.93	70,845	32.42
Venezuela	1942	3,996,095	35,534	138,000	31,856	816	5,882	88,276	22.08	8/223,634	8/55.96

1/ Official Latin-American sources

2/ Year 1941, except Mexico, 1940

3/ Year 1941, partly estimated

4/ Year 1941, except Dominican Republic, Haiti, and Nicaragua, 1942; Honduras, 1940; El Salvador, 1938; Uruguay, 1939; Cuba 1943.

5/ Year 1940

6/ Year 1941

7/ Includes Canal Zone

8/ Value of Venezuelan exports adjusted to commercial value of petroleum shipments.

Source: U.S. Department of Commerce.